



# CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Proposed Areas for Internal Audit Coverage 2023/24

## **DISCUSSION DRAFT**

Audit & Governance Committee meeting of 24 March 2023

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## INTERNAL AUDIT PLAN 2023/24 – AUDIT COMMITTEE DISCUSSION PAPER

The purpose of this paper is to highlight the potential areas of coverage for inclusion within the 2023/24 Internal Audit Plan and get the Committee's input and thoughts.

The Committee will recall we have provided two partial (negative) assurance opinions on the risk management arrangements at the Authority (2020/21 and 2022/23). The Committee were advised in January 2023 that the Authority have made further enhancements to their Risk Management arrangements and the Corporate Risk Register (albeit Internal Audit have not reviewed these new arrangements yet). We have therefore developed this discussion paper using the refreshed key risks identified on the Corporate Risk Register but also facilitated this with the discussions held with the Executive.

The audit areas are therefore mapped to the Authority's current strategic risks, as applicable and also, we have suggested other core areas of internal audit coverage for consideration.

An initial paper was presented to the Executive Team on the 7 March 2023 and comments and requested amendments were fed back to us (14 March 2023) from which we have further developed the proposed areas of coverage within the table below.

Once the plan is formally agreed we will be fully flexible in year to address any emerging risks and / or priority areas for coverage and will report any changes through to the Committee.

Appendix A is also included for information and sets out where previous internal audit coverage (and assurance levels) since 2020/21 and also sets out the areas previously discussed for consideration for inclusion in the three year strategy.

# APPENDIX A: INTERNAL AUDIT Plan 2023/24 (DRAFT)

## Objective of the review (Strategic risk)

### People

#### Staff Recruitment and Retention (Risk 4)

Our review will be to examine the recruitment processes in place from identification to filling of roles and assessment of the timelines and efficiency of processes and that a fair a transparent approach is in operation. We will also assess how the College have developed initiatives to identify and retain key staff, how staff are being engaged with across the Authority and how action is taken to improve the working environment.

**We note the scope of this was requested to be expanded at Executive Team request to cover both Recruitment and Retention.**

#### Staff Mental Health and Wellbeing (Risk 4)

An assessment of the current initiatives and processes in place in regard to staff mental health and wellbeing, assessing what has been done, the impact of these activities and provision of recommendations on how this process could be further strengthened.

#### HR Digital Processes

HR are reviewing how they are currently operating including utilisation of the Citrus HR system. It has been suggested an Internal Audit review late in 2023/24 would be beneficial to assess how the system and supporting HR processes are operating.

**We note this review was requested as an additional area for consideration for coverage as a part of the formal Executive Team feedback.**

#### Equality, Diversity and Inclusion (Risk 4)

A review to assess whether there are adequately designed and effective controls in place to manage equality, diversity, and inclusion.

**We note this review was requested as an additional area for consideration for coverage as a part of the formal Executive Team feedback.**

### Strategic Risk

#### Environment, Social and Governance (ESG Maturity) (Risk 8)

As part of the ESG journey, organisations need to think about ethical investments, inclusion and diversity, climate change; including where they are in relation to their peers and how they are seen in the eyes of the public and their stakeholders.

Our maturity assessment approach considers where an organisation is in relation to its ESG maturity journey. The maturity journey goes through four stages; Awareness, Defining and Reporting, Managing and Maturity. This review will be delivered by our internal ESG consultants.

#### Business Continuity Planning (Risk 9)

Assurance will be provided over the robustness of the Authority's Business Continuity arrangements in place to minimise disruption and maintain services continuity in the event of a major incident occurring.

## Objective of the review (Strategic risk)

### Strategic Planning (Risk 5)

Clear strategic plans need to be documented to ensure that the authority can articulate the longer-term strategic direction of the organisation.

We will specifically assess the strategic plan development, including stakeholder engagement and internal governance mechanisms and how the Authority is approaching implementing this strategy in support of delivering its objectives.

### Subsidiary Company Governance (Risk 17)

The specific coverage for this review is to be scoped and determined with management but will look to build off and provide independent assessment in supporting the authority through the weaknesses identified in this area in 2021/22 and to take into account outcomes of the 2022/23 review.

**We note this review was requested as an additional area for consideration for coverage as a part of the formal Executive Team feedback to ensure we maintain focus in this area.**

### Project Planning and Delivery

The specific coverage for this review is to be scoped and determined with management but will assess the design, management and oversight of projects within the Authority.

**We note this review was requested as an additional area for consideration for coverage as a part of the formal Executive Team feedback**

## Financial Risk

### Budget Setting and Budgetary Control (Risks 1 and 2)

To assess the robustness of the Authorities Budget Setting arrangements and approach and a review of the mechanisms in place in regard to Budgetary Control.

### Workforce Planning and Development (Risk 3)

A review of the processes in place to define the workforce plan and the supporting activity undertaken to ensure workforce requirements are identified and recruited to meet the resource needs of the Authority.

**We note this review was requested as a priority area for coverage as a part of the formal Executive Team feedback.**

## Core Assurance

### Risk Management (cross cutting all risks)

A review of the risk management arrangements in place at the Combined Authority, with a specific focus on the revised risk management framework and updated Corporate Risk Register. Risk management coverage in 2023/24 is appropriate noting the negative assurance ratings provided in 2021/22 and 2022/23.

### IT Audit Coverage (note – no risk on strategic register relating to IT)

## Objective of the review (Strategic risk)

This is a key area for the Authority and coverage will be included within each year of the internal audit strategy. The RSM IT Technology Risk Team will discuss the detailed scope with management each year. Reviews may include the treatment of cyber-crime, network security, business continuity, data security or the IT projects. As part of our scoping, we will consider the accreditations in place and other 3<sup>rd</sup> party assurance providers to avoid any potential duplication of work.

## Governance – Improvement Plan (cross cutting all risks), 15

The specific coverage for this review is to be scoped and determined with management but will look to build off and provide independent assessment in supporting the authority through the Governance weaknesses identified at the Authority in 2021/22 and 2022/23. Governance coverage in 2023/24 is appropriate to ensure improvements are being made in a timely manner.

## Key Financial Controls

To review the key controls in place for key financial control areas. This will include key controls testing, focus on any specific management concerns and follow up the implementation of previously agreed actions. The scope of the review will be agreed nearer the time but we will cover the following areas over a cyclical period:

- General ledger;
- Creditors payments;
- Income and Debtors;
- Cash and treasury management;
- Capital Expenditure
- Expenses and Credit Cards;
- Asset register;

We will use data analytics to undertake some analysis and inform testing.


## Other Internal Audit Activity

### Grants

Following the completion of a number of grant returns in 2023/24 which require the sign off of both the Chief Executive and the Chief Internal Auditor we have included a note within the internal audit plan to undertake reviews in our capacity of the CPCA Chief Internal Auditor on the use of grant funding received, which will include review of evidence to substantiate compliance against grant terms. Fees will be agreed separately. Some of these Grants also require the involvement of our grant specialists and authorised individual to sign off grant claims. We will liaise directly with the CFO and Deputy CFO with regards to this work.

### Follow up

To meet internal auditing standards, and to provide assurance on action taken to address actions previously agreed by management.



## Objective of the review (Strategic risk)

### Advice and Consultancy

To provide advice on an ongoing basis on all aspects of governance, risk management and internal control.

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### Management

This will include:

- Annual planning
  - Pre audit and governance committee meetings
  - Preparation for, and attendance at, audit and governance committee
  - Regular liaison and progress updates
  - Liaison with external audit and other assurance providers
  - Preparation of the annual opinion.
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## APPENDIX A: INTERNAL AUDIT STRATEGY 2020/21-2025/26

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in above, as well as our own view of the risks facing the sector as a whole.

| Assurance Provided                                |  | Internal Audit – Third Line of Assurance<br>(Independent review / assurance) |         |         |         |         |         |
|---|--|--|---------|---------|---------|---------|---------|
|   |  | 2020/21  | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|   | Red - Minimal Assurance / Poor Progress                  |  |         |         |         |         |         |
|   | Amber/red - Partial Assurance / Little Progress          |  |         |         |         |         |         |
|   | Amber/green - Reasonable Assurance / Reasonable Progress |  |         |         |         |         |         |
|   | Green - Substantial Assurance / Good Progress            |  |         |         |         |         |         |
|   | Advisory / AUP   |  |         |         |         |         |         |
|   | IDEA   |  |         |         |         |         |         |
| Audit Area  | Risk Ref   |  |         |         |         |         |         |
| Staff Recruitment and Retention                   | 4  |  |         |         | ✓       |         |         |
| Staff Mental Health and Wellbeing                 | 4  |  |         |         | ✓       |         |         |
| Workforce Planning                                | 3  |  |         |         | ✓       |         |         |
| HR Digital Processes                              | 3  |  |         |         | ✓       |         |         |
| Improvement Plan (see Governance Coverage)        | all risks  |  |         |         | ✓       |         |         |
| Energy hub  |  |  |         | ✓       |         |         |         |
| Climate Change Strategy                           | 8  |  |         |         |         | ✓       |         |
| Environment, Social and Governance (ESG Maturity) | 8  |  |         |         | ✓       |         | ✓       |
| Partnerships and Collaboration                    |  |  |         |         |         | ✓       |         |
| Strategic Planning                                | 5  |  |         |         | ✓       |         |         |

|  |   |   |                           |   |   |   |   |
|--|---|---|---------------------------|---|---|---|---|
| Local Industry Strategy                      |   |   |                           |   | ✓ |   |   |
| Local Transport Plan                         |   |   |                           |   |   | ✓ |   |
| Skills Strategy                              |   |   |                           |   | ✓ |   |   |
| Adult Education Budget                       |   |   | ✓                         |   |   |   |   |
| COVID 19 – Capital Grants                    |   | ✓ |                           |   |   |   |   |
| Affordable Housing Programme                 |   |   |                           | ✓ |   |   |   |
| IT Controls / Cyber Security                 |   | ✓ | ✓<br>Significant weakness | ✓ | ✓ | ✓ | ✓ |
| Information Governance / Data Protection     |   |   |                           | ✓ |   | ✓ |   |
| Declarations of Interest                     |   |   |                           |   |   | ✓ |   |
| Governance                                   |   | ✓ |                           | ✓ | ✓ | ✓ | ✓ |
| CAM Project – Governance and Decision Making |   |   | ✓                         |   |   |   |   |
| Cross Charging of Corporate Services         |   |   |                           |   |   |   | ✓ |
| Subsidiary Company Governance                |   |   | ✓                         | ✓ | ✓ | ✓ | ✓ |
| Project Planning and Delivery                | 7 | ✓ |                           |   | ✓ |   | ✓ |
| Business Continuity Planning                 | 9 |   |                           |   | ✓ |   | ✓ |
| Procurement and Contract Management          |   |   |                           |   |   | ✓ |   |
| Fraud Risk Assessment                        |   |   | ✓                         |   |   | ✓ |   |



|                                  |         |   |   |   |   |   |
|----------------------------------|---------|---|---|---|---|---|
| Capital Programme                |         | ✓ |   |   |   | ✓ |
| Budget Setting and Control       | 1, 2    |   |   |   | ✓ |   |
| Medium Term Financial Strategy   | 1, 2, 7 |   |   |   |   | ✓ |
| Succession Planning              | 3       |   |   |   |   | ✓ |
| Equality Diversity and Inclusion | 3       |   |   |   | ✓ |   |
| Data Quality                     |         |   |   |   |   | ✓ |
| Grant Verification               |         | ✓ | ✓ | ✓ | ✓ | ✓ |
| Risk Management                  |         | ✓ |   | ✓ | ✓ | ✓ |
| Key Financial Controls           |         | ✓ | ✓ | ✓ | ✓ | ✓ |
| Payroll                          |         |   | ✓ |   |   | ✓ |
| Follow Up                        |         | ✓ | ✓ | ✓ | ✓ | ✓ |
| HR Policies Review               | 3       |   |   |   |   | ✓ |
| Whistleblowing                   |         |   |   |   |   | ✓ |
| Training and Development         | 3       |   |   |   |   | ✓ |
| Absence Management               | 3       |   |   |   |   | ✓ |
| Performance Management           | 3       |   |   |   |   | ✓ |

# FOR FURTHER INFORMATION CONTACT

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