



<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 8</b>
<b>31 JULY 2020</b>	<b>PUBLIC REPORT</b>

## **INTERNAL AUDIT 2020/21**

### **1.0 PURPOSE**

- 1.1 This report provides an update of progress made to date on the internal auditor tender process.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Jon Alsop – Head of Finance (S73)</b>
<p>The Audit and Governance Committee is recommended to:</p> <p>(a) Note progress being made towards the appointment of an internal auditor</p>	

### **2.0 BACKGROUND**

- 2.1. According to its Terms of Reference with regards to Internal Audit, the Audit and Governance Committee shall:
- (a) Provide assurances over the effectiveness of internal audit functions and assuring the internal control environments of key partners;
  - (b) Review internal audit requirements undertaken by the Combined Authority;
  - (c) Approve the internal audit plan;
  - (d) Consider reports and assurances from the Chief Finance Officer in relation to:
    - Internal Audit performance;
    - Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control;
    - Risk management and assurance mapping arrangement;
    - Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable.
- 2.2. Peterborough City Council (PCC) has provided the Combined Authority with an internal audit service since the Combined Authority was established in March 2017. This has been conducted through an overarching 'Finance Support

Services' Service Level Agreement between the two organisations which covered the following services:

- Treasury Management Services
- Finance Systems
- Technical Accountancy Services
- Insurance, and
- Internal Audit

- 2.3. In November 2019, PCC confirmed that they would no longer be able to provide Treasury and Technical Accountancy Services beyond 31 March 2020.
- 2.4. All of the services provided under the SLA have been under review and it was considered an appropriate time to conduct a tendering exercise for the future internal audit service.
- 2.5. Following advice from the Procurement Manager, expressions of interest were requested from potential internal audit suppliers through the Crown Commercial Service Management Consultancy Framework (MCF RM3745 lot 3 – Audit) to provide a future service.
- 2.6. Six organisations expressed an interest, and these were 'invited to tender' through the framework "to provide internal audit services to Cambridgeshire and Peterborough Combined Authority (CPCA) and to act as the authority's Chief Internal Auditor" and:
  - (a) To produce an annual risk based Internal Audit Plan to be agreed with the Audit and Governance Committee in advance of each financial year.
  - (b) To deliver the audit plan in accordance with the timetable as agreed with the Audit and Governance Committee.
  - (c) To support the CPCA's Audit and Governance Committee throughout the year and provide update reports of the audit plan to the Committee at each Committee meeting.
  - (d) To issue a written report following the conclusion of internal audit assignments. The report will include audit findings and recommendations and management responses to them.
  - (e) To report to the Audit and Governance Committee on progress with delivery against the plan including any necessary changes, findings and assurances from specific audits including any significant control issues identified, and progress made to implement recommendations from previous audit reports.
  - (f) To ensure that the CPCA Chief Finance Officer is aware of any emerging issues. To provide advice on an ongoing basis on all aspects of governance, risk management and internal control.

(g) To submit an annual report to Audit and Governance Committee which will contain an annual assurance opinion and an outturn report against the annual plan.

(h) To provide appropriate advice and support should any fraud or irregularity be suspected.

2.7. The Combined Authority has received three compliant bids from potential suppliers and these are in the process of being evaluated.

2.8. It is the intention to appoint the internal auditor following 'provider presentations' to the evaluation panel and the Chair of the Audit and Governance Committee.

2.9. The internal auditor will be asked to present their audit plan to the next Audit and Governance Committee.

### **3.0 FINANCIAL IMPLICATIONS**

3.1. To be determined as part of the procurement process.

### **4.0 LEGAL IMPLICATIONS**

4.1. None.

### **5.0 APPENDICES**

5.1. None.

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
None	n/a