

CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Internal Audit Progress Report

6 April 2021

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1 Key messages

The internal audit plan for 2020/21 was approved by the Audit and Governance Committee at the November 2020 meeting. This report provides an update on progress against that plan and summarises the results of our work to date.

As the developments around Covid-19 will continue to impact on all areas of the organisation's risk profile, 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.

2020/21 Internal Audit Delivery



Two reports have been issued in draft since the previous audit committee on Impact of COVID-19 on CPCA delivery of projects, and Appointments to Boards and Committees sponsored by the Combined Authority.

We are in the process of issuing a draft report for our work on Key Financial Controls – Accounts Payable audit and the fieldwork is underway for a review on COVID-19 Capital Grants.

[\[To discuss and note\]](#)

Changes to 2020/21 Internal Audit Plan



We have held discussions with members of the management team who have suggested a small number of changes for delivery of the 2020/21 internal audit plan. The Audit and Risk Committee are asked to note the changes to audit plan suggested within Appendix B – Other Matters. [\[To note and approve\]](#)

2021/22 Internal Audit Plan



We have prepared a 2021/22 Internal Audit plan which has been agreed in principle by the CMT taking into consideration the impact of COVID-19 to date and priorities for assurance coverage from Internal Audit. The plan has been included as a separate agenda item for consideration by the Audit Committee at this meeting. [\[To note and approve\]](#)

Other Matters



We have also included some sector news in Appendix B which highlights some of the current issues being faced in the sector and the areas that the Combined Authority may wish to consider. [\[To note\]](#)

Appendix A – Progress against the internal audit plan

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit Committee	Actual Audit Committee
		L	M	H		
Risk Management (1.20/21)		1	7	0	January 2021	January 2021
Impact of COVID-19 on Project Delivery (2.20/21)	Draft report issued: 16 March 2021	0	0	0	Was April 2021, now June 2021	
Appointments to Boards and Committees including those sponsored by the Combined Authority (3.20/21)	Draft report issued: 24 March 2021	0	0	0	Was April 2021, now June 2021	
Key Financial Controls – Accounts Payable	Debrief Completed	0	0	0	Was April 2021, now June 2021	
IT Controls Assessment	Fieldwork ongoing	0	0	0	June 2021	
Added: COVID-19 Capital Grants	Fieldwork ongoing				June 2021	
Follow Up incl. Risk Management	Planned: 19 April 2021	0	0	0	June 2021	
Grant Verification - Additional Dedicated Home to School and College Transport *	Planned: 26 April 2021	0	0	0	Was April 2021, now June 2021	
Deferred to 2022/23: Climate Change	N/A	0	0	0	N/A	

* Our fieldwork for has been delayed due to additional extensions in the grant period.

Appendix B – Other matters

Changes to the audit plan

Audit/Area	Change Proposed
Impact of COVID-19 on Project Delivery (2.20/21)	Previously we reported that the Impact of COVID-19 on Project Delivery would be delivered in March 2021 however, this was brought forward and commenced in February 2021. The Audit Committee are asked to approve this amendment.
Grant Verification – Additional Dedicated Home to School and College Transport	The Additional Dedicated Home to School and College Transport grant verification review has been postponed due to the extension of the grant period, the audit review will be completed once the grant funding has come to a close. The Audit Committee are asked to approve this amendment.
Deferral: Climate Change	Following discussions with management, we have been asked to delay the Climate Change review due to the ongoing activity in this area for the CA and defer this to the 2022/23 Internal Audit Plan. The Audit Committee are asked to approve this amendment.
Addition: COVID-19 Capital Grants	Following discussions with management, we have agreed to undertake a review on COVID-19 Capital Grants within the 2020/21 Internal Audit Plan in place of the Climate Change review noted above. The Audit Committee are asked to approve this amendment.

Information briefings

We have appended to this report the following briefings for information:

- Virtual board and committee meetings; and
- Tips for managing risk through and after coronavirus.

Sector Updates

[Community Champions to give Covid-19 vaccine advice and boost take up](#)

60 councils and voluntary groups are set to receive a share of over £23m of funding to expand work to support those most at risk from Covid-19 and boost vaccine take up as part of the Community Champions scheme. Each of the 60 councils have developed their own plan to improve communications with these groups including helplines, school programmes, workplace engagement as well as training sessions to help people provide information and advice. The funding forms part of over £7.9bn government funding provided to councils to help them support their communities during the pandemic.

[Councils urged to ensure local plans are up to date](#)

Christopher Pincher, Housing Minister, has urged all councils to ensure they have an up to date local plan in place by the government deadline of December 2023 in order to ensure they can deliver the homes needed. Figures show that nine in ten local planning authorities have now adopted a local plan, but it has been made aware that many of them are not being kept up to date. The Housing Delivery Test measurement shows that 55 authorities delivered less than three-quarters of their housing need. Of these, 40 have a local plan that is more than five years old.

[New funding boost for councils](#)

Councils across England will receive £51.2bn next year, an increase of £2.2bn from last year. This financial package provides councils with additional resources to deliver effective local services and continue to support their communities during the pandemic, while protecting council taxpayers from excessive increases.

[Government response to the Redmond review](#)

The government has published its response to the independent review into the effectiveness of local audit which was carried out by Sir Tony Redmond. The response sets out how the government will implement many of the recommendations made by Sir Tony Redmond, including swift action to ensure the ongoing effectiveness of the local audit system and improvements to make financial information more transparent.

[Spending Review 2020](#)

Key points from Rishi Sunak's, Chancellor of the Exchequer, Spending Review includes:

- £3bn in extra funding for local authorities, representing a 4.5 per cent increase in spending power
- £151m of new local government funding for rough sleeping to help end rough sleeping in England, taking total funding for 2021/22 to £250m.

The government is also providing a range of other funding sources to support councils, improve services, and develop local economies

Appendix C - Key performance indicators (KPIs) for 2020/21 delivery

	Delivery				Quality		
	Target	Actual	Notes (ref)		Target	Actual	Notes (ref)
Audits commenced in line with original timescales following scoping	Yes	100%		Conformance with PSIAS and IIA Standards	Yes	Yes	
Draft reports issued within 15 days of debrief meeting	100%	100%		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 15 days of draft report	100%	0%	*	Response time for all general enquiries for assistance	2 working days	100%	
Final report issued within 3 days of management response	100%	100%		Response for emergencies and potential fraud	1 working days	N/A	

Notes

* Our first draft report was issued on 11 December 2020 however, due to a combination of the Christmas break responses were not received within 15 days of the draft report.

FOR MORE INFORMATION CONTACT

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Virtual board and committee meetings

Harvesting the benefits



Effective meetings

Having outlined the numerous benefits of virtual board and committee meetings, let us consider the tools to make these meetings run effectively.

- Think about the purpose of the meeting. Is it to provide a briefing, encourage discussion or make decisions? In a virtual environment, how is it best to undertake these tasks?
- Set out how you want to use the technology at the beginning of each meeting. With chat functions, virtual hand raising and other tools, it is good to establish how people can effectively participate.
- If you are chairing the meeting, consider allocating the role of monitoring virtual tools to another meeting participant. It can be taxing to chair a meeting as well as keeping an eye on the various sources of feedback.
- Consider the frequency of meetings. Meeting schedules were often based around logistical factors and availability of key members. Is it worth considering if meetings should be held more regularly to keep abreast of a fast-moving environment but for a shorter time commitment?
- Consider the timing of your meetings. Historically, you may have held meetings outside of normal working hours to accommodate the schedule of members. Is this still necessary or can you move the meeting to a different time of day and improve the work life balance of NEDs and executive participants?
- Consider the length and format of your paper pack. Is it necessary to have a pack of papers that is hundreds of pages long as it can be difficult to navigate this in a virtual environment? If a paper is for information, could this be handled as part of a pre-meeting briefing, rather than taking up time in the main meeting. Also think about having papers in landscape form, as this often works better on computer / laptop screens, and those with tablets can be flexible either way.
- Encourage queries to be submitted to the chair in advance. This ensures that people can be brought in on key issues, and that debate, and challenge is not stifled.
- Nominate individuals to ask the first question(s) on relevant papers. It encourages people to be comfortable in raising queries in the virtual environment and that there is balance in the discussion.

Future meetings

It is important to acknowledge that ‘in person’ meetings of course have significant benefits – once we stabilise to the ‘new normal’. When the time is invested to gather people together with the associated costs and environmental implications, this could be for longer sessions, perhaps strategy meetings, risk management workshops etc.

Governance meetings have largely been held and operated in much the same way since the start of the 20th century. Board and committee meetings have reflected this traditional model – even though how business is done and how we communicate has transformed beyond recognition. The pandemic provides an opportunity to reflect on how we deliver governance and oversight. There is a risk that in the initial desire to meet with people again, and also because of personal preference of some members, that some of the benefits of remote meetings may be overlooked and lost.

Our effectiveness reviews

The board and its committees are fundamental in establishing and maintaining effective governance, and we know that good governance is a cornerstone of a successful organisation. The board’s standing committees are an integral part of the governance structure, providing oversight to identify where things could go wrong, and providing comfort to the board that risks are being managed appropriately and that assurances have been sought to confirm this is the case.

The Covid-19 pandemic has affected all organisations in one form or another. It has led to a greater focus on internal controls and governance processes, as businesses have adapted and operate in a changed environment.

Self-assessments often focus on what boards and committees are doing, rather than how or why – the pandemic has changed the ‘how’ by necessity and provides an opportunity to reflect on the future ‘how’ and ‘why’. Shifting focus, from an approach which places emphasis on ticking the box, to an approach focused on delivering outcomes, can help to improve impact and effectiveness.

Organisations should start to think about how they will manage their board and committee meetings in the future. This is important in ensuring that ‘in person’ meetings focus on activities that most benefit from face to face engagement, with remote meetings enabling efficiency and a wider opportunity for diversity in membership. Virtual working is here to stay, so it is important that we harness the benefits in both the medium and longer term, whilst delivering effective governance.

Our effectiveness reviews focus upon role and purpose, knowledge and experience, relationships and challenge, and governance and leadership, and incorporates three levels of self-assessment questions.

Attributes:
what needs to be in place regarding role, scope and people.

1

Process:
delivering the fundamentals and core business of the committee.

2

Behaviours:
the difference that effective members, chairmanship and meetings make.

3

Should you like more information on our approach to reviewing board and committee effectiveness, please speak to your RSM contact.

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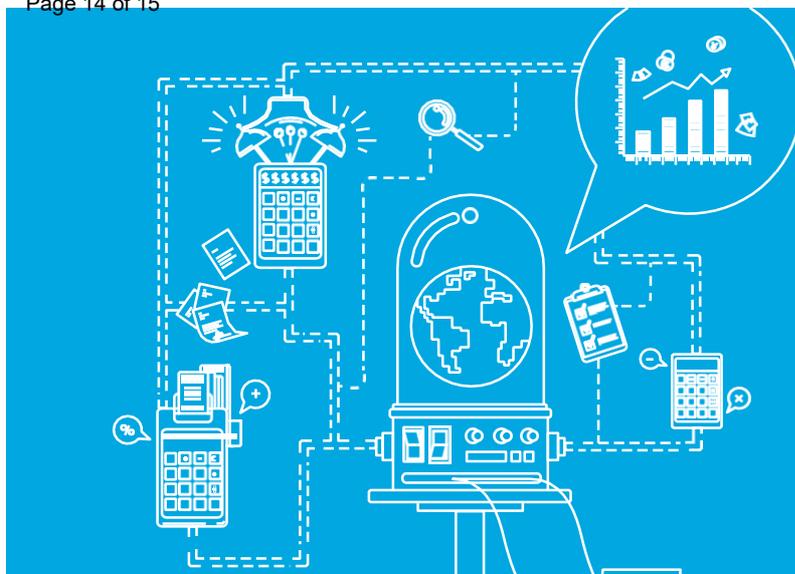
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Tips for managing risk through and after coronavirus



We have been having conversations with many organisations recently about coronavirus and its implications from a risk management perspective. This article explores some tips to help organisations with their risk management thinking as we head into the new normal.

Firstly, some context:

- most if not all organisations and individuals have been significantly affected by coronavirus, be this positively, negatively or both;
- the NHS are expecting coronavirus to impact all planning for the next two years;
- even when we come out of lock down it is unlikely that we shall return to how things were, there will be a 'new normal';
- the rapid emergence and spread of coronavirus is an exceptional event – and there will be other such events in the future, pandemic or not.

With the above in mind let's consider some risk management tips. In writing this we are not intending to provide a recap on all good risk management practices – which we assume are already being exercised; but what we see as coronavirus related, based on our experiences so far. These will not be the only tips I am sure.

Do not throw governance out the window – it's a coronavirus necessity

We encountered a few organisations particularly at the start of the pandemic (and some continue to be) that took on a state of emergency and ended all board activity and interactions as well as allowing the Executive a greater decision-making power. However, whilst the physical aspect of direction and control may be changing (likely forever), the fundamentals of good governance should remain and be applied.

Without governance actually serving an effective purpose (be it within a coronavirus setting or not) then the management of risk can easily become a cosmetic exercise.

Those charged with governance should be in a position to monitor, guide and challenge (constructively) the progress of an organisation's response to the coronavirus event. Coronavirus event response monitoring and reporting ie progress, issues, innovations and key learning should be a standing agenda item for management.

Tip

Adapt your governance arrangements to ensure that your Board is able to function effectively. This will allow it to set direction, measure performance, have oversight, undertake scrutiny and make decisions.

It is in exceptional circumstances such as this that an effective board comes to the fore.

Coronavirus is not a risk in its own right – it currently affects everything

Some organisations now include coronavirus as a new risk in their strategic risk register. This suggests that the risk exists in isolation with a specific set of controls and actions, impacting one part of the business or objective. This is clearly not the case. Coronavirus adds a new dimension to an organisation's strategic risks and the subsequent effects on the organisation.

Organisations should look holistically at their strategic risk profile and understand the interdependencies. If we exclude coronavirus for the moment, it is clear that too many risks (risk registers) are reviewed on a transactional basis ie in parts but not as a whole.

Tip

Review your strategic risks cause descriptions. This in turn will likely mean that you have to adapt your controls or create new actions in the context of the risk to ensure that it is being suitably managed.

Coronavirus response – things do happen.

Response or contingency planning is a key feature in the management of risk. It is impossible to predict or foresee all future events, they happen unexpectedly, and organisations need to be able to suitably respond. By now most organisations will have some form of coronavirus response plan in hand to ensure the survival, recovery and continuity of operations.

The above goes for any kind of significant event to which an organisation is responding, not just the current coronavirus situation. Having an effective business continuity framework and plan (which is tested) is a must have for all organisations.

Tip

All organisations should have a contingency framework within which it can operate when situations like coronavirus or similar arise.

To this end the World Economic Forum Global Risk report may be helpful. It is produced annually and focusses on what might be the world shapers in the next 12 months. A global pandemic has been in the report for a number of years. The point here is that an organisation may wish to consider how the realisation of such risks in the future might impact on its operations and / or existence ie what happens globally will eventually impact locally. Then consider the organisation contingency framework in that context.

Don't manage the coronavirus response via spreadsheets

We have seen a number of behemoth spreadsheets created to record actions taken, as well as updates. This will create difficulties when considering a wide spread workforce.

Spreadsheets are currently being circulated to management and the Board as a form of progress report. A spreadsheet is not a reporting tool and is reminiscent of organisations that still put the whole of the risk register (in spreadsheet form) on the Board room table. In doing this, where do you start? It is also highly likely that it is already out of date by the time this happens.

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Tip

This is a fast-moving environment so equally make sure that the Board, management and staff have access to real time information eg updated actions, communications, evidence etc all in one place. This will provide all the main stakeholders visibility of the response and ensure a more coordinated and consistent approach to managing the unfolding situation.

Investing in a system, with workflow, to communicate and track actions, progress and updates and provide useful management information doesn't have to be expensive and will cut down on unnecessary and inefficient administration at a time when resources are tight. This will provide a good return on investment now as it will in the future. The old adage "what gets measured gets done" is as important now as anytime.

Prepare to manage the change and the (opportunity) risks this presents - take advantage of the 'new normal'

What is a certainty is that as a result of coronavirus all organisations will be change.

All organisations will need to adjust to a new way of working and grasp the opportunities that this presents for increased operating efficiency and effectiveness. These will be wide ranging from where we work, how we work and how we engage with customers, suppliers and stakeholders.

In some cases this might necessitate a top to bottom organisation restructure to realise the benefits that this change can bring. This change process will likely last a period of time, it will not be quick.

Tip:

Organisation leaders need to still be looking ahead, capturing the learning from this C-19 event, reviewing strategy and operating models, identifying emerging innovations and opportunities, listening to stakeholders. As important as it is to survive and bounce back, it is more important to bounce forward and be ready to capitalise on the "new normal".

Having appropriate mechanisms in place to prepare, initiate and progress the forthcoming change in the future short, medium and longer term will be as crucial (if not more so) as the initial response to the emergence of C-19 to ensure sustainability and growth. The main risk here is that organisation leaders will not embrace the change that is ahead and take the advantage.