



Report title: Internal Audit Progress Report

To:	Cambridgeshire and Peterborough Combined Authority Audit and Governance Committee
Meeting Date:	29 January 2021
Public report:	Yes
Lead Member:	n/a
From:	Jon Alsop Chief Finance Officer
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	The Committee is recommended to: a) note the internal audit progress report for 2020/21 as provided by the Combined Authority's newly appointed internal auditors, RSM Risk Assurance Services LLP (RSM); b) note the conclusions of the Risk Management Review report as provided by RSM

1. Purpose

- 1.1 This paper is to provide an update to the work that RSM have conducted against the internal audit plan for 2020/21 that they presented, and which was agreed at the November Audit and Governance Committee meeting.
- 1.2 The paper also provides the conclusions and recommendations of RSM's review of Risk Management, being the first audit report that RSM have completed since being appointed as the Combined Authority's internal auditors.

2. Background

- 2.1 At the November 2020 meeting, the Audit and Governance Committee approved the Internal Audit Strategy 2020/21 to 2024/25 and the 2020/21 internal audit plan as presented by RSM.

- 2.2 A key point of the approved audit plan for 2020/21 was that internal audit activity would be based on analysing the Combined Authority's corporate objectives, risk profile and assurance arrangements as well as other factors affecting the Combined Authority in the year ahead, including changes within the sector. Areas of attention would be linked to the Combined Authority's Risk Register, following discussions with the CPCA's Corporate Management Team (CMT).
- 2.3 The RSM Internal Audit team have commenced their work with the 2020/21 Internal Audit Plan. A progress report has been provided (appendix 1) and a copy of the full report for the first review of Risk Management has been included (appendix 2) for illustration purposes to inform the Audit and Governance Committee of the RSM internal audit delivery processes. Going forward, only those reviews with negative assurance opinions will be provided with more detail through the RSM progress report. A request can be made through the Monitoring Officer for access to any further details in relation to audit reports should members require view of full reports.
- 2.4 Key messages from the update report (appendix 1) include that one report has been finalised in respect of the Internal Audit Plan in relation to Risk Management which has resulted in a 'partial assurance' opinion. RSM noted that whilst the Combined Authority was making good progress towards embedding its risk management processes, there is still further work required to fully embed the changes introduced.
- 2.5 RSM are in the process of completing the fieldwork stages of key financial controls – accounts payable, and are at the planning stages for further reviews on:
- a) Appointments to Boards and Committees
 - b) Impact of COVID-19 on the delivery of projects, and
 - c) Climate Change
- 2.6 The Risk Management review (appendix 2) shows a number of recommended management actions which have been agreed for implementation by 31st March 2021.
- 2.7 As discussed at the November meeting, the Combined Authority has recently been the target of an attempted fraud.
- 2.8 The RSM Counter Fraud (CF) team have supported an investigation led by the third party IT provider in line with the Combined Authority Anti-Fraud Policy which is very much ongoing and a series of actions are being worked through by the provider to investigate and learn from the attempted fraud. Regular updates are being provided to the Management team with independent oversight from the RSM CF team. The RSM CF colleagues are of the view that the provider has taken reasonable steps to identify the likely vulnerabilities and target specific areas.
- 2.9 As part of the response to the threat of fraud, an IT Controls review has been agreed as part of the 2020/21 Internal Audit Plan and the scope of review is being finalised. The fieldwork is to be undertaken in the coming weeks. An update will be provided to the Committee upon conclusion of the internal audit review.

Significant Implications

3. Financial Implications

3.1 Internal audit fees are within those agreed as part of the internal audit service contract.

4. Legal Implications

4.1 No legal implications have been identified.

5. Other Significant Implications

5.1 No other significant implications have been identified.

6. Appendices

6.1 Appendix 1 – Internal Audit update report (RSM)

6.2 Appendix 2 – Risk Management Review (RSM)

7. Background Papers

7.1 There are no other supporting or background documents which have been relied upon when preparing this report.