



# CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

## Internal Audit Progress Report

29 July 2022

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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.



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# 1 Key messages

The internal audit plan for 2021/22 was approved at the April 2021 meeting. This report provides an update on progress against that plan, the changes to the 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.

## 2021/22 Internal Audit Delivery – Completed

We have not issued any further final reports since the last meeting. Three further draft reports have been issued since the last meeting:

- Follow Up (a revised draft has also been issued to management),
- Subsidiary Governance (a revised draft has also been issued to management); and
- Payroll

Two other reports also remain in draft:

- Capital Programme (revised draft has also been issued to management); and
- IT Control Framework (Part 2).

We are awaiting comments from management ahead of finalising all of the above reports. [\[To note\]](#)

## 2021/22 Internal Audit Annual Opinion

Our internal audit opinion for 2021/22 is contained within our annual report and is a separate agenda item. The opinion is qualified (negative) and will need to be reported in the Annual Governance Statement. Further details on the reasons for the negative opinion are contained within that report. [\[To approve\]](#)

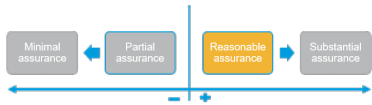
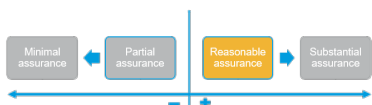
## Additional 2021/22 internal audit activity

As part of our contract with you we are asked from time to time to undertake ad hoc reviews outside the internal audit plan. One of these reviews was around Community Land Trusts. This report has been issued in draft and we are awaiting management feedback. We were also asked by Officers to undertake an Analysis of Government Procurement Card Expenditure and Expenses. The draft report has been issued and work is ongoing to finalise this report. [\[To note\]](#)

## 2022/23 Internal Audit Plan

The revised proposed internal audit plan for 2022/23 is on the agenda for today's meeting. [\[To approve\]](#)

## Appendix A – Progress against the internal audit plan 2021/22

Assignment	Timing / Status / Opinion issued	Actions agreed			Target Audit Committee (as per previous audit committee)	Actual Audit Committee
		L	M	H		
Additional follow up: IT Control Framework	Final report issued	1	1	1	N/A	November 2021
Adult Education Budget		3	2	0	January 2022	January 2022
Fraud Risk Assessment	Final report issued	7 areas for improvement suggested			April 2022	April 2022
Additional audit: One CAM - Governance and Decision Making	Final report issued	2	1	0	April 2022	April 2022
Key Financial Controls		5	2	0	April 2022	April 2022
Additional audit: Payroll	DRAFT report issued 18 July 2022				September 2022 (April 2022)	
Capital Programme (replaced the Risk Management audit)	DRAFT report issued 12 May 2022 Revised DRAFT issued 6 July 2022				September 2022 (June 2022)	
Additional follow up: IT Control Framework Part 2	DRAFT report issued 13 April 2022				September 2022 (June 2022)	
Follow Up	DRAFT report issued 28 June 2022 Revised DRAFT issued 18 July 2022				September 2022 (June 2022)	

Assignment	Timing / Status / Opinion issued	Actions agreed			Target Audit Committee (as per previous audit committee)	Actual Audit Committee
		L	M	H		
Subsidiary Governance	DRAFT report issued 6 July 2022				September 2022 (June 2022)	
Community Land Trusts	DRAFT report issued 24 May 2022					
Analysis of Government Procurement Card Expenditure and Expenses	DRAFT report issued 16 December 2021 Revised DRAFT issued 12 May 2022					
HR Policies	Deferred to 2022/23 plan				N/A	N/A
Removed: Use of Data	N/A				N/A	N/A

## Appendix B – Other matters

### Changes to the audit plan

There have been the following changes to the 2021/22 internal audit plan:

Audit/Area	Change Proposed
Ad hoc advisory reviews	<p>As part of our contract with you we are asked from time to time to undertake ad hoc reviews outside the internal audit plan. In recent months we have been asked to undertake reviews around Community Land Trusts (report currently in draft) and an Analysis of Government Procurement Card Expenditure and Expenses (report in draft).</p> <p><b>The Audit &amp; Governance Committee is asked to note the additional advisory reviews undertaken.</b></p>

### Changes reported to previous meetings

Audit/Area	Change Proposed
Replace: Risk Management with Capital Programme	<p>Following discussions with senior management, we have been asked to defer a review of Risk Management to 22/23 as this is an area being further developed by the Combined Authority. This was replaced with an audit of the Capital Programme to support our 2021/22 opinion.</p> <p><b>The Audit &amp; Governance Committee are asked to note the replacement of this audit within the 2021/22 internal audit delivery plan.</b></p>
Addition: Payroll	<p>Following discussions with senior management, we have been asked to undertake a review of Payroll following some recent concerns identified. This review will be undertaken in collaboration with subject matter experts, RSM Employer Services Limited.</p> <p><b>The Audit &amp; Governance Committee are asked to note the addition of this audit to 2021/22 internal audit delivery plan.</b></p>
Remove: Use of Data	<p>Following discussions with senior management, we have been asked to remove a review Use of Data as this is no longer a priority area for the Combined Authority as the function has now been brought in house.</p> <p><b>The Audit &amp; Governance Committee are asked to note the amendment of the timing of this audit.</b></p>
Delay: HR Policies	<p>Following discussions with senior management, we have been asked to delay a review of HR Policies due to the delay in planned externally commissioned work within this area and ensuring the scopes of these piece of work compliment work being completed by parties.</p> <p><b>The Audit &amp; Governance Committee are asked to note the amendment of the timing of this audit.</b></p>

## Grant Funding work undertaken by RSM to date

Audit/Area	Work Undertaken by RSM
<b>Grant Funding</b>	<p>We have completed seven reviews on grant funding received by the Combined Authority, these specifically relate to the grant funding noted below, two of which is pass-through funding (Local Transport Capital Block Funding) whereby expenditure is incurred by constituent councils and therefore they provide their own assurance however we are required to confirm that the CPCA have paid the constituent councils in line with the decisions made by the Mayor and other grants where expenditure is incurred by the Combined Authority. We have summarised the grants below:</p> <ul style="list-style-type: none"> <li>• Peer Network Funding to Local Enterprise Partnerships (LEPS) in 2020- 2021</li> <li>• 2020-2021 EU Transition Business Readiness Growth Hub Grant Funding to Local Enterprise Partnerships (LEPS)</li> <li>• Growth Hub Funding to Local Enterprise Partnerships (LEPS) in 2020-2021</li> <li>• Supplemental Growth Hub Funding to Local Enterprise Partnerships (LEPS) in 2020-2021</li> <li>• Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) No.31/5036</li> <li>• Local Transport Capital Block Funding (Pothole and Challenge Fund) No.31/5072</li> <li>• Additional Dedicated Home to School and College Transport grant</li> <li>• Transforming Cities Fund – 2021/22 and Peer to peer Network grants claim 2021/22</li> </ul>

## RSM External reviews of quality

One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'. The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

## Information briefings and Sector updates

Our latest procurement and contract management network webinar, to which officers were invited, took place on 18 July 2022. The focus topic was Framework Agreements.

These webinars offer expert advice on EU and UK public sector procurement legislation and practice. The monthly webinars include an update on current developments in public procurement as well as a more detailed discussion on a selected topical area. The webinars were hosted by Walter Akers and Mohamed Hans. Walter is a partner at RSM and leads the UK RSM Commercial and projects business. Mohamed is a solicitor and expert on UK and the European Public Procurement Rules. He currently manages the CIPFA Procurement and Commissioning Network.

We will continue to keep officers informed of future events.

## Appendix C - Key performance indicators (KPIs) for 2021/22 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%	80%*		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%	60%**		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

The above KPIs take into account changes agreed by management and the Audit & Governance Committee during the year.

\*This actual KPI was impacted by annual leave.

\*\*This KPI relates does not include 2 draft reports that have not passed the 15 days target for responses. This KPI has been impacted by Officer sickness.



## FOR MORE INFORMATION CONTACT

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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 and 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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