



INTERNAL AUDIT: SCOPING DOCUMENT

GOVERNANCE REVIEW

Governance is the combination of processes and structures implemented by the Board in order to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives.

Since its creation in 2017, the CPCA has developed and changed as new areas have been devolved or amalgamated within its remit. This has resulted in changes being introduced such as the Business Board (picking up on the activities previously within the LEP) and the introduction of a new committee structure to pick up on the various portfolio business areas. Furthermore, the previous audit review identified a number of areas which were in the process of being developed and requiring embedding and these will be confirmed. However, in light of the new activities and the creation of a series of committees, it is considered appropriate to have a full audit overhaul of the governance activities to ensure that the new arrangements are fit for purpose.

As a separate exercise, following discussion and debate at Audit and Governance Committee the review will also review the HR processes adopted by the CPCA.

Additional sources of information will be obtained from:

- Liaison with the CPSB members to verify actions have been addressed in relation to their concerns raised in August 2018;
- Comparisons with other MCA's Assurance Frameworks to establish any gaps and to inform on best practice; and
- Human Resources checklists and processes.

Objectives of the Audit

The overall objective of the review is to provide assurance that the systems of control in respect of Corporate Governance are adequate and being consistently applied and address CPSB issues. The areas of focus will be:

- **Organisational Structure / Roles and Responsibilities:** To confirm that the Authority has an open and transparent organisational structure and that roles and responsibilities are clearly defined and communicated across the organisation.
- **Decision Making:** To confirm that there is a clear and transparent decision making process within the Authority and decisions taken adhere to these processes as set out in the assurance framework.
- **Strategy and Planning:** To confirm that the Authority's strategies are up to date and communicated across the organisation. To confirm that strategies complement and support each other and are linked to key aims and priorities.

Verification that HR processes are robust and follow best practice.

Risks

- Ill-defined corporate governance, strategic planning and performance monitoring frameworks
- Non-compliance with legislation and recognised best practice
- Ill-defined objectives and outcomes
- Lack of understanding / definition of new areas of business
- Lack of clarity on roles, responsibilities and accountabilities
- Lack of transparency with inaccurate information available to members / staff
- Inconsistency in application of standards
- Ineffective reporting and communication arrangements

Work to be undertaken

The following procedures will be adopted to identify and assess risks and controls and thus enable audit to recommend control improvements

- Discussions with key members of staff to ascertain the nature of the systems in operation
- Evaluation of the current systems of internal control through walk-through and other non-statistical sample testing
- Identification of control weaknesses and potential process improvement opportunities

NB: This assignment will not cover LEP Governance which is contained within a separate review.

Allocation

Initial allocation within the Audit Plan was for 5 days to follow up previous recommendations. However, in light of the changes made within the CPCA, reviewing issues raised by CPSB and the Audit and Governance Committee, an additional allocation of 20 days is required.

Total: 25 days.