



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Internal Audit Progress Report

24 September 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, with the internal audit plan for 2021/22 approved at the April 2021 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

Three reports have been finalised in relation to:

- Impact of COVID-19 on CPCA delivery of projects;
- IT Control Framework Review; and
- COVID-19 Emergency Active Travel Fund (Capital).

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

2021/22 Internal Audit Plan

The 2021/22 Internal Audit plan was presented and agreed at a previous Audit and Governance Committee, and we are in the process of undertaking the planning meetings for the audits identified within the programme for 2021/22. The table of audits, and their planned dates have been included in Appendix B, below. [\[To note\]](#)

Other Matters



Annual Governance Statement (AGS) – Please note that we have reviewed the AGS presented to the last Committee meeting we are content that it reflects our opinion and the two negative opinion reports finalised for the 2020/21 internal audit plan. We have suggested a further addition in relation to explaining that management actions have been agreed to address the minimal assurance opinion.

Sector News - 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. [\[To note\]](#)

2 Reports

Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
2020/21 Internal Audit Plan				
Impact of COVID-19 on Project Delivery (2.20/21)	Reasonable Assurance 	3	2	0
IT Control Framework Review (5.20/21)	Minimal Assurance 	0	4	6

Further work is however required to address some significant control weaknesses where improvements are required, in particular regarding IT management experience (including IT contract management) within the Combined Authority, network access and security, patch management, incident response and backups. Furthermore, we noted that policies and procedures were not in place for any IT area, for example IT security, data protection and remote working specifically for the Combined Authority.

We also noted issues with engagement between the Combined Authority and the ICT provider, including the fact that a contract/Service Level Agreement was not in place and periodic meetings were not being held between the Combined Authority and ICT provider to discuss service performance, although we understand this engagement was exited following our audit and a new provider appointed.

Moreover, despite repeated requests to the ICT provider and escalations through the Combined Authority executive management, we were not been provided with any evidence for this review and all of our work is based on enquiry alone.

Grants – COVID-19 Emergency Active Travel Fund (Capital) (8.20/21)

Final report issued

0







0

0

The result of our work is as follows:

I am satisfied that CPCA have paid over the sum of £93,553 to CCC and £34,933 to PCC in relation to the Covid-19 Emergency Active Travel Fund Grant No 31/*. We have been advised by the respective Chief Internal Auditors at CCC and PCC that they have carried out the appropriate investigations and checks, to ensure that in their opinion, in all significant respects, the conditions attached to the Covid-19 Emergency Active Travel Fund Grant No 31/**** have been complied with.***

Appendix A – Progress against the internal audit plan 2020/21

Assignment	Status / Opinion issued	Actions agreed			Target Audit Committee (as per previous 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)		3	2	0	Was June 2021, now July 2021	July and September 2021
Appointments to Boards and Committees including those sponsored by the Combined Authority (3.20/21)		2	2	0	Was April 2021, now June 2021	June 2021
Key Financial Controls – Accounts Payable (4.20/21)		5	3	0	Was April 2021, now June 2021	June 2021
IT Controls Assessment (5.20/21)		0	4	6	Was June 2021, now July 2021	July and September 2021
Follow Up (6.20/21)	Good Progress	0	1	0	June 2021	June 2021
COVID-19 Capital Grants (7.20/21)		1	2	0	June 2021	June 2021
Grants – COVID-19 Emergency Active Travel Fund (Capital) (8.20/21)	Final report issued	0	0	0	July 2021	July and September 2021

Appendix B – 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		
Fraud Risk Assessment	October 2021	0	0	0	January 2022	
HR Policies	October 2021	0	0	0	January 2022	
Adult Education Budget	November 2021	0	0	0	January 2022	
Use of Data	November 2021	0	0	0	January 2022	
Key Financial Controls	January 2022	0	0	0	March 2022	
Subsidiary Governance	January 2022	0	0	0	April 2022	
Risk Management	February 2022	0	0	0	March 2022	
Follow Up	March 2022	0	0	0	April 2022	
Additional audit: Payroll	TBC	0	0	0	TBC	

Appendix C – Other matters

Changes to the audit plan

There have been the following changes to the Audit Plan since the previous meeting;

Audit/Area	Change Proposed
Addition: Payroll	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. The Audit Committee are asked to note the addition of this audit to 2021/22 internal audit delivery plan.

Annual Opinion 2021/22

The Audit and Governance Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the Audit and Governance Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. We have not finalised any reports to date, but we will provide further updates as the year progresses.

Information briefings and Sector updates

Coronavirus workforce survey

The Local Government Association (LGA) has published the latest findings from its monthly surveys of all councils in England and Wales collecting key workforce data on how the sector is responding to coronavirus. Key findings from the June 2021 survey includes:

- 35 per cent of councils reported recruiting additional staff in the week ending 4 June 2021;
- 84 per cent of councils stated that they were considering 'hybrid working';
- 25 per cent of councils reported that they had furloughed at least one member of staff. In total, responding authorities reported there were 2,682 staff furloughed in the week ending 4 June 2021; and
- councils were asked if they were experiencing significant difficulties recruiting for some posts or not: 114 (61 per cent) said they were.

Independent reviewers appointed for councils requesting financial support

The Ministry of Housing, Communities and Local Government (MHCLG) has appointed independent reviewers to undertake assurance reviews into eight councils, following decisions earlier this year to provide financial support to these authorities. The Chartered Institute of Public Finance and Accountancy (CIPFA) has been appointed to undertake the financial element of these external assurance reviews. The external assurance reviewers will provide a detailed assessment of each councils' financial position and management, making recommendations where necessary of how each council can take action to improve.

Central oversight of arm's-length bodies

The National Audit Office (NAO) has published a report focusing on the role of the centre of government (the Cabinet Office and HM Treasury) in supporting government departments and arm's-length bodies (ALBs). It examines:

- the ALB delivery landscape and the other delivery models available to government;
- the processes in place to support a department as it sets up an ALB;
- how ALBs are overseen by departments and the centre of government; and
- the Cabinet Office's plans for reform of the public bodies landscape.

The report concludes that in 2018/19, ALBs spent £265bn and employed around 300,000 people to deliver the government policies and public services that is dependent on in vital areas such as healthcare, education and housing. The UK's exit from the EU and the coronavirus pandemic have meant the UK government has assumed more responsibility for key functions in areas such as environmental protection and business support. The flexibility of arm's-length arrangements allows public bodies to develop technical expertise and operational independence, but it is important that ALBs remain accountable, are properly managed and have the necessary support. In some areas the centre of government and departments have improved how they work with, and support, ALBs.

The NAO notes that 'the continuing inconsistency in how ALBs are set up and overseen is a barrier to further improvement.' More needs to be done to share lessons across organisations, identify opportunities to improve the complex systems in which policies and services are delivered, and understand when a delivery model is no longer working effectively.

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%	63%	*	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.

Two further reports were issued in draft where further internal management discussions regarding the coverage of the review and some wider discussions with stakeholders external to CPCA were required prior to the receipt of formal management responses.

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.

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