



Cambridgeshire & Peterborough Combined Authority

Internal Audit Progress Report

20 June 2024

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1 Key messages

2023/24 Planning and Delivery



We have issued two further reports in final since the March 2024 Audit and Governance Committee for the 2023/24 plan:

- **Subsidiary Governance (8.23/24)**
- **Procurement – Improvement Plan (9.23/24)**

The remaining two reports are with Officers in draft and we are awaiting management responses before we can finalise these.

The full update in regard to the 2023/24 plan and schedule of work is included below in **Appendix A**.

2024/25 Planning and Delivery



The internal audit plan for 2024/25 was approved by the Audit and Governance Committee at the March 2024 meeting. 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.

We have agreed a schedule for the delivery of the 2024/25 Internal Audit Plan

The full update in regard to the schedule of work and progress to date is included below in **Appendix B**.

2 Finalised Reports

2.1 Summary of final reports being presented to this committee.

This section summarises the reports that have been finalised since the last meeting held in March 2024

Assignment	Opinion issued	Actions agreed		
		L	M	H

Subsidiary Company Governance – GrowthCo 8.23/24

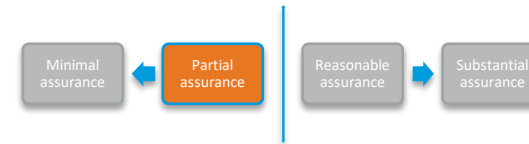
We confirmed through our review that the Authority’s approach to managing its subsidiary companies had been clearly defined in the Constitution and that the document was appropriately approved and up to date. Additionally, we identified areas of effective design relating to the drafting and bilaterally signed Shareholder Agreements by the CPCA and Growth Co Directors and the development and approval of the subsidiary’s annual business plan. However, the Shareholder Agreement has not been fully complied with on the basis that the Programme Management Committee (PMC) has not met since March 2023, which has impacted our overall assurance opinion.

The Authority has also revised its Risk Management Framework which sets out the Authority’s approach and the roles and responsibilities of staff regarding the management of risk at the project level, service programme level, and corporate level. Additionally, Growth Co. has a risk register in place detailing its risks, although we noted these had not all been reviewed with adequate frequency

We also noted consistent discussion and review of the subsidiary company’s risk register, the Growth Works Performance and Programme review, and the subsidiary company’s overall performance by the GrowthCo Company Board and declaration of interests captured in the meetings. GrowthCo also has an Exit Plan in place detailing the activities for closing down the Growth Works Programme including the TUPE plans; Subcontractor Roll-Off; and Exit

Partial Assurance

2 3 1





Assignment	Opinion issued	Actions agreed		
		L	M	H

Communication Plans with accountability and timescales defined. We noted, that as of November 2023, the Exit Plan was running to schedule.

However, we have identified control weaknesses for which management actions have been agreed. Specifically, we identified that the Growth Co. Subsidiary Company Board did not have a Terms of Reference in place, that the PMC meetings had ceased since March 2023 (as mentioned above), performance against the annual business plan was not being consistently monitored throughout the year by the PMC, and we were not provided with evidence to demonstrate the support arrangements in place for subsidiary companies.

We further noted the absence of interim governance measures to oversee subsidiary companies' activities until the establishment and operation of the new Investment Committee and that since April 2023, the Combined Authority Board had not received any updates on Growth Co.'s operations and performance for due oversight, challenge, and scrutiny which could potentially affect the winding up of the Growth Works Programme.

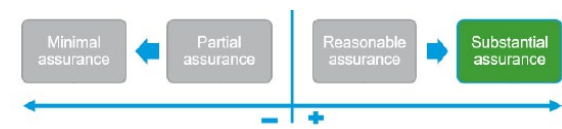
Procurement Workstream - Improvement Plan 9.23/24

We confirmed through our review that the Authority had developed a reframed Improvement Plan clearly outlining the actions and outcomes required to deliver improvement within the Procurement Workstream and that the Plan had been subject to appropriate review and approval by the CA Board. Additionally, we identified that the Authority had clearly developed actions or individual tasks for the implementation of the recommendations from the PWC procurement review.

We also identified well-established and sound governance arrangements for monitoring progress and slippage against the Phase Two Improvement Plan, including the escalation of issues to senior forums and the CA Board. The Authority has completed a lesson learnt exercise to identify the lessons learnt from the completion of Phase Two of the Improvement Programme. In the Highlight Report presented to the CPCA Board in January 2024, the Procurement Workstream was RAG-rated green, indicating that as of December 2023, the delivery of the action plan and agreed outcomes were on target and within budget.

Substantial Assurance

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Assignment	Opinion issued	Actions agreed		
We also identified that the Combined Authority has in place a Continuous Improvement Project Plan that included a specific timeline of tasks to support the embedding of the Procurement Improvements.		L	M	H

Appendix A – Progress against the 2023/24 Internal Audit Programme

There have been **two further 2023/24 reports** finalised since the previous Committee meeting held in March 2024, as highlighted in **bold** below. We also include an update on the remainder of the programme.

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Budget Setting and Budgetary Control 1.23/24	Final Reasonable Assurance	4	1	0	September 2023	September 2023
Governance - Improvement Plan 2.23/24	Final Reasonable Assurance	2	1	0	November 2023	November 2023
Risk Management 4.23/24	Final Reasonable Assurance - Control Design Partial Assurance - Control Compliance	3	1	1	January 2024	January 2024
Project Planning and Delivery - Improvement Plan 6.23/24	Final Reasonable Assurance	3	1	0	March 2024	January 2024
Key Financial Controls 3.23/24	Final Partial Assurance	4	5	0	March 2024 (was January 2024)	March 2024
Business Continuity Planning 5.23/24	Final Minimal Assurance	4	6	4	March 2024	March 2024



Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Strategic Planning 7.23/24	Final Reasonable Assurance	4	4	0	March 2024	March 2024
Subsidiary Company Governance 8.23/24	Final Reasonable Assurance	2	3	1	June 2024	June 2024
Procurement – Improvement Plan 9.23/24	Final Substantial Assurance	0	0	0	June 2024	June 2024
Follow Up (of previous management actions) 10.23/24	Draft Reasonable Progress				July 2024	
IT Change and Project Management (11.23/24)	Draft - Advisory				July 2024	

Appendix B – Progress against the 2024/25 Internal Audit Programme

The schedule and progress to date with the 2024/25 Internal Audit Programme is detailed below.

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit Committee	Actual Audit Committee
		L	M	H		
Data Quality and Performance	Fieldwork Complete				July 2024	
Workforce Planning	In progress				September 2024	
Improvement Plan	18 June 2024				September 2024	
Staff Mental Health and Wellbeing	12 August 2024				September 2024	
Risk Management	12 August 2024				September 2024	
IT Systems Development – Stage 1 Change Programme	16 September 2024				December 2024	
Business Continuity	26 September 2024				December 2024	
GDPR	10 October 2024				December 2024	
Procurement	21 November 2024				February 2025	
Key Financial Controls	16 December 2024				February 2025	
Follow Up	10 February 2025				TBC April / June 2025	
Fraud Risk Assessment	10 February 2025				TBC April / June 2025	



Appendix C – Other matters

Changes to the audit plan

There have been no changes to the Internal Audit Plan for 2023/24 or 2024/25 since the last Audit Committee Meeting in March 2024.

Annual Opinion 2023/24 and 2024/25

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 Committee should note that any negative assurance opinions and that these may impact both our Head of Internal Audit Opinion, and your annual report.

We have a separate item on the agenda for the 2023/24 opinion.

We will provide further updates relating to the 2024/25 opinion as more reports are finalised.

Information and briefings

Since the last JAC meeting, we have issued the following newsletters and briefing papers:

- Global Internal Audit Standards – Stakeholder Requirements; and
- The Real Economy – Cyber Security Report

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.



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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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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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