



Audit & Governance Committee

20 June 2024

Title:	Audit reporting
Report of:	Edwina Adefehinti
Lead Member:	Cllr Edna Murphy- Governance
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	Majority

Recommendations:

A	The Committee is invited to consider whether to receive regularly a summary of audit reports and recommendations in those reports. These reports will cover all audit reports in the year including those commissioned outside of the annual plan.
B	The Committee is invited to consider receiving updates on the implementation of recommendations contained in all audit reports.

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

	The report improves the CPCA's corporate governance framework and helps to protect the interests of the CPCA and promote best value.
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1. Purpose

1.1	The recommendations seek to promote good governance, in that the Committee can monitor the implementation of recommendation by officers.
1.2	A key responsibility of the Committee is to obtain assurance on the effectiveness of the Council's control environment. Internal Audit plays a significant role in evaluating the control environment, and therefore update reports will contribute to the Committee discharging its duties.

2. Proposal

2.1	For the Committee to consider recommendations contained in this report which would give this committee insight into the effectiveness of audit recommendations and implementation in line with this committee's responsibility to monitoring the effectiveness of Internal Audit.
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2.2	To become more informed of areas of concern before they become significant.
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3. Background

3.1	<p>An effective Internal Audit service contributes to the achievement of the CPCA's strategic objectives by assessing, providing comment and, if relevant, recommending improvement to the CPCA's assurance and control frameworks. The Internal Audit plan has also been designed to provide assurances on strategic risks and the supporting governance framework. An effective audit and inspection regime is an essential part of the CPCA's end of year Annual Governance Statement, which is in turn required for sign-off of our Annual Accounts under statute. Notwithstanding, management will need to spend considerable time resourcing the response to audit and scrutiny activities and effective scheduling is essential if management are to manage all the demands on the limited resource available.</p>
3.2	<p>Whilst there is an annual audit plan agreed by this committee, sometimes audit reports are commissioned outside of the audit plan. These are usually commissioned by Officers in order to investigate specific issues that have arisen, usually outside of the annual plan cycle.</p> <p>It is a requirement of the auditing standards for the Audit and Governance Committee to receive regular updates on the activities of Internal Audit, in particular:</p> <ul style="list-style-type: none"> • providing assurance that sufficient work will be carried out to provide a reliable risk based annual opinion on the effectiveness of the control environment and any amendments to the audit plan; • bringing to the Committee's attention any issues identified when carrying out the annual audit which could impact on the annual opinion; • consulting on the outcome of the Audit Plan, and providing assurance on its compilation and the resources available to deliver it; and • providing an update on the activities which have taken place during the annual audit to assess Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS). <p>This committee has in the past received a list of all audit reports including those commissioned outside of the annual plan -Agenda Item No (cmis.uk.com).</p> <p>The request in this report is whether members want to see the list regularly, receive summary of recommendations and monitor implementation of those recommendations.</p>
3.2	<p>The Committee will be familiar with the three lines of defence model as an approach to risk management. The basic principle being that we defend against the risks to the CPCA through</p> <ol style="list-style-type: none"> 1) management actions day-to-day 2) internal control systems, policies and frameworks which regulate those management actions and 3) risk based independent assurance – this comes from internal audit, which provides assurance on the effectiveness of our governance, risk management and internal controls, and from external audit and external inspection bodies.
3.3	<p>Therefore in order for this committee to satisfy itself that the risk based assurance provided by internal audits is sufficient, it should consider whether to receive reports on audits commissioned outside of the annual cycle and also to receive updates on actions taken to implement recommendations contained in audit reports.</p>

4. Appendices

4.1	None
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5. Implications

Financial Implications

5.1 None

Legal Implications

5.2 This report needs to be seen in the context of the legal and constitutional nature of the Combined Authority itself. Under Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007), the Combined Authority is under a general duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Public Health Implications

5.3

Environmental & Climate Change Implications

5.4

Other Significant Implications

5.5

Background Papers

5.6