



West
Yorkshire
Combined
Authority

Tracy
Brabin
Mayor of
West Yorkshire



Governance and Audit Committee

Internal Audit Progress Update

March 2024

Appendix 1

1.Key Headlines / Index

Top three issues – Mass Transit, level four devolution funding and Cyber Security.

Reports issued – **Page 3** provides an update of work carried out since the last report to Committee.

Progress against 2023/24 Audit Plan and any planned changes – **Page 6 onwards** shows progress against the plan. Work on the 2023-24 plan is progressing. The recent successful recruitment to vacant posts are now settling in and are providing the added capacity to support the delivery of the remainder of the plan.

Outstanding actions- **At page 12** the status of audit recommendations has been provided along with an update on any 'in progress' and those that have not met their original due date.

Feedback from clients – **Page 14** There is no client feedback to report in this period.

Performance Measures - Page 14 provides details on our performance measures.

2. Reports Issued/ Progress Updates since the last Committee Meeting

Audit Report- Contract Management – Marketing and Communications

Internal Audit reviewed the Marketing and Communications contract for compliance with the contract standing orders (CSO) and other relevant internal guidance. The review resulted in an audit opinion of **REASONABLE** assurance.

The review took into account the selection of suppliers in the framework, day to day responsibility for administering individual agreements, management oversight, supplier performance monitoring, compliance with the CSO, individual contract awards and budget management.

The framework was considered to be well managed and no management actions were made following this review.

Audit Report- AEB Provider Review (9)

Internal Audit's ninth Adult Education Budget (AEB) provider review has been conducted, concluding with an audit opinion of **REASONABLE** assurance. The review focussed on compliance with the WYCA AEB funding and performance management rules, accuracy of data submission, that delivery of provision is in line with expectations and that appropriate procedures and controls are in place.

This conclusion was based on a good governance framework being demonstrated, key performance indicators being in place and the organisation's commitment to continuous improvement with a Quality Assurance and Improvement Strategy being established. Some improvements were required to the enrolment paperwork to aid transparency as to how identification has been verified to support funding eligibility, particularly to evidence of West Yorkshire residency. The Provider did not have a procedural document that mapped out the entire learner journey for staff and reviewing bodies.

Audit Report- Climate Change

This high-level review provided the organisation with assurance on the governance supporting the Combined Authority's Climate and Environment Plan and on the organisation's progress against this and any other relevant action plans. The review resulted in an audit opinion of **LIMITED** assurance.

There is a strong commitment to meeting the Net Zero targets outlined in the mayor's pledge and significant funding has been committed. However, the oversight and reporting framework needs to be strengthened to ensure that adequate and effective controls are in place to ensure that the objectives will be met. The Director of Police, Environment and Place (DPEP) is the

Internal Audit Progress Report

named Director with oversight responsibility. However, all the activities are progressing through the WYCA Assurance Framework individually and report to individual programme Boards. Climate, Energy and Environment Committee is the decision-making forum for the plan but there are other Committees within the Governance Structure which have decision making responsibilities. We have not found a comprehensive map of which Boards report to which oversight committees within the Governance Structure. Without this, the DPEP does not have the level of assurance required to confirm that the objectives of the WYCEP are being met. The WYCEP is due for renewal in 2024 and it was emphasised that this was an opportunity for the activities within the plan and the structure for delivery to be reviewed in order to drive forward the agenda, this was agreed by Management.

Investigations Report- Property Services

Internal Audit completed an investigation into allegations of fraud and corruption made by an anonymous whistleblower regarding the conduct an individual.

The investigation found that there was insufficient evidence to confirm fraud and corruption however with a systematic breakdown in adherence to financial, contract management and procurement processes it was concluded that only a **Minimal Assurance** opinion could be given. A series of recommendations have been made for Management including taking appropriate action and to ensure staff are aware of their responsibilities, to provide training on contract and financial management and improve management oversight of compliance with CA policies.

Investigations Report- Skills Bootcamp

Internal Audit completed an investigation into allegations of fraud and corruption made by an anonymous whistleblower suggesting an abuse of power by an individual.

The investigation examined a whistleblower's complaint that there was financial irregularity and a failure to comply with legal duty relating to the management and award of contracts to suppliers for the delivery of the Skills Bootcamp programme. Audit found no evidence to support the allegations.

Adult Education Budget (AEB) Progress Update

Audit continues to provide assurance over AEB providers in receipt of AEB funding through an annual rolling programme of reviews which focus on compliance with WYCA AEB Funding Rules. A summary against completed reviews is provided above and further work is in progress.

Internal Audit Progress Report

Regular meetings are also taking place and Internal Audit have continued to provide support, advice and guidance including: the development of the AEB funding rules, review of the Performance Management Framework attendance at the AEB Performance Board and ESFA led anti-fraud meetings along with ad hoc pieces of work.

Work is also planned for the annual assurance of the programme.

Counter Fraud, Whistleblowing and Anti Money Laundering

There have been ten referrals in 23/24 to date and three cases that carried forward from 22/23. Out of those thirteen cases, three are still under investigation and ten have now closed.

Analysis of Fraud referrals			
	Total no of referrals 21/22	Total no of referrals 22/23	Total no of referrals 23/24
Fraud – External	1	5	6
Fraud – Internal		1	1
Whistleblowing		1	2
AML			1
TOTAL	1	7	10

One case that have been completed and closed since the last report to this Committee, related to a whistleblowing complaint, the allegations were not proven. The table below summarises all the cases included in the figures provided in this report.

	Cases Closed/In progress for last two years + current year				
	Investigation completed – No breach/fraud and no further action required	Investigation completed – Fraud proven, no loss/controls effective	Investigation completed – Fraud proven, no loss, but control improvements recommended	Investigation completed – Fraud proven, loss/control improvements recommended	Still under investigation
Fraud – External	3	5	2		2
Fraud – Internal			1		1
Whistleblowing	3				
AML	1				
TOTAL	7	5	3	0	3

Grant certification
Internal Audit continues to review grants that have either required checks to be carried out on expenditure incurred as part of the funding conditions or providing advice to build up assurance processes. In particular, since we last reported advice and guidance has been provided to Multiply, Active Travel Fund and the ZEBRA scheme.

3. Internal Audit Plan 2023/24

Overall Opinion Ratings

Level of Assurance	Description
Reasonable	There is a good framework of controls in place and the majority of controls are being consistently applied to ensure risks are managed effectively.
Limited	There is an adequate framework of controls in place but the controls are not being consistently applied to ensure the risks are managed effectively.
Minimal	There is a weak framework of control in place and/or the controls are not being consistently applied to ensure the risks are managed effectively.

	Assurance Area	Scope	Current Status/Timetable
1	Connecting Innovation Controls Advisory report	Review of the Connecting Innovation fund to suggest improvements to controls and processes.	Advisory Report Completed
2	Adult Education Budget- Assurance statement	A review of the governance and financial arrangements of the Adult Education Budget programme to inform the Assurance Statement to the DfE.	Completed

Internal Audit Progress Report

3	GDPR (ICO Framework)	This audit is focused on a high-level review of compliance with expectations in the Information Commissioner Office Accountability Framework	Completed REASONABLE ASSURANCE
4	Contract Management Review – Marketing and Communications contract	Contract review to ensure compliance with contract standing orders and contract management principles	Completed REASONABLE ASSURANCE
5	AEB Provider Review (9)	This review forms part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence is to be tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place.	Completed REASONABLE ASSURANCE
6	AEB Provider Review 8	This review forms part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence is to be tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place.	Completed LIMITED ASSURANCE
7	Climate Change	To examine the CA's progress against its external plans to manage climate emergency.	Completed LIMITED ASSURANCE
8	AEB Provider Review 7	This review forms part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence is to be tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place.	Completed MINIMAL ASSURANCE
9	Property Services investigation report	Concerns investigated following a whistleblowing complaint into the conduct of an individual.	Completed MINIMAL ASSURANCE
10	Skills Bootcamp investigation report	Concern raised through a whistleblowing referral investigated, report covers findings and recommendations to improve controls.	N/A

Internal Audit Progress Report

11	Contract Management Review- Electricity contract	Contract review to ensure compliance with contract standing orders and contract management principles	Draft Report Stage
12	Police and Crime Team Commissioning (including violence reduction unit)	A review to consider how the Police and Crime team processes are fitting into the CA ways of working to ensure agile responses to short term funding.	Draft Report Stage
13	Project Review (Rail car parking package)	A review of the Rail car parking package to examine compliance with the Assurance Framework and good project management principles.	In progress
14	Procurements (sample to confirm compliance with Fin Regs/ Contracts Standing Orders)	To review a selection of recent procurements and examine compliance with financial regulations, contract standing orders and procurement rules	In progress
15	ICT – various, including Cyber Security and PCI	A programme of ICT audits provided by Salford Internal Audit Services informed by the 22/23 audit work. - PCI work now in progress, - Cyber Security to be undertaken in Quarter 4.	In progress
16	Integrated Corporate System (HR, Finance, Payroll)	To review progress with implementation of the new Integrated Corporate System and more specifically aim to provide assurance that the organisation is ready to go live.	In progress
17	Physical security including responsibilities and the social element of security	To review access arrangement and physical security of CA property and risk of social engineering with a focus on security at Wellington House.	In progress
18	Security of Assets	This review is focused on the Bradford Interchange	In progress

Internal Audit Progress Report

19	Equality, Diversity and Inclusion (progress against the Local Govt Framework and internal EDI measures)	To examine EDI implementation across the organisation and examine progress in areas highlighted for improvement in the 22-23 audit. And to carry out compliance work to determine how well EDI is being embedded in the CA.	In progress
20	Health & Safety	To provide assurance that HS policies and practices are up to date and meet legislative requirement and review processes around incidents and reporting of these and actions taken as a result.	In scope
21	TPS Financial Controls follow up work	This work will follow up the 22/23 audit which culminated in a minimal assurance rating.	See Follow Up section below
22	Compliance with Contracts Standing Orders & Financial Regulations	Focus on the current financial system and processes in particular debt recovery.	Quarter 4
23	GDPR	To provide advice and guidance with focus on compliance with the ICO framework.	Quarter 4
24	Financial Management and Business Planning – a rolling programme of reviews over a 3-year cycle to assess controls, governance and risk management of these linked processes.	A rolling programme of reviews over a 3-year cycle to assess controls, governance and risk management of these linked processes.	Quarter 4
25	Risk Management	Health check of the risk management arrangements to inform the audit opinion	Quarter 4
26	HR – with an emphasis on recruitment/ retention/ succession planning	To review the arrangements to support recruitment and retention and succession planning.	Quarter 4

Internal Audit Progress Report

27	Supply chain financial liquidity, with an emphasis on risk management and business continuity plans	To examine the due diligence and financial check processes on the CA's processes	Quarter 4
28	Adult Education Budget	Reviews in line with the Assurance framework for AEB to give programme assurance	Quarter 4
29	Compliance with Contracts Standing Orders & Financial Regulations	Review focuses on control and use of Procurement Cards (Deferred, reported to January 2024 Committee)	Deferred
30	Central review of contract management to consider standards, support, guidance and monitoring.	To examine the central approach to Contract Management support provided to the organisation, (Deferred, reported to January 2024 Committee)	Deferred
31	Code of Corporate Governance and Compliance with sub delegations	This review will focus on review of the revised delegations and proposed review of the Code. (Deferred, reported to January 2024 Committee)	Deferred
32	Data Quality	To review the project examining the provision of data for the region. (Deferred, reported to January 2024 Committee)	Deferred
	Project and Programme Assurance (various reviews)	Project and programme assurance reviews to be undertaken. The reviews will primarily focus on compliance with the Assurance Framework as well as good project and contract management principles.	Ongoing
	Counter Fraud work	To undertake proactive counter fraud work to strengthen controls to prevent, detect and investigate theft, fraud and corruption	Ongoing
	Multiply – advice and guidance on new funding stream in line with DfE requirements	Ongoing advice and guidance on requirements of the programme and review to inform the year end annual assurance statement to the DfE.	Ongoing

Internal Audit Progress Report

	Attendance on Boards	Advice and guidance to inform the control framework	Ongoing
	Various grant certifications	In line with funding applications and funding agreements	See above table
	Grant Audits	In line with funding applications and funding agreements	As required

Key:

Audits completed
Audits in progress or at draft report stage and on track for completion within year
Audits that remain a high priority and that are aiming to be included within the opinion for 23/24, but which may carry over or be deferred
Audits that will need to be deferred due to lack of capacity, but that are felt to be either less time sensitive or currently being reviewed
Ongoing work, performed as needed/required

4. Audit Follow up

In line with Public Sector Internal Audit Standards and internal procedures, progress against implementation of agreed actions (audit recommendations) is followed up with the action owner/management at periodic intervals. These follow ups vary between, a formal evaluation of evidence to assess the progress management have made, to obtaining a status update from action owners.

The table above shows the status of agreed actions arising from April 2022. Of the 39 recommendations remaining to be implemented, the original due date has been revised for 17 actions following discussions with Management.

In the case of the 10 recommendations that are overdue, three of these are due to be followed up as part of a formal audit (H&S audit) that is now commencing; two recommendations relate to the previous JPB contract report which are now also reflected in the latest report for the same contract and are awaiting revised timescales for action; five recommendations related to a Security of Assets (NGT Leases) review for which we are awaiting further management comments and revised timescales. Explanations for the one “not to be implemented” recommendation has previously been provided.

Status of agreed actions						
Directorate	Total	Implemented	In progress	Original Due Date Not Met Revised Implementation Date Agreed	Overdue, Revised Implementation Date Not Agreed	Not to be Implemented
Cross Cutting	10	10	0	0	0	0
Finance and Commercial	5	5	0	0	0	0
COO Direct report	5	1	1	0	3	0
Transport Policy and Delivery	4	2	2	0	0	0
Inclusive Economy, Skills & Culture	0	0	0	0	0	0
Strategy, Comm, Intelligence	4	0	4	0	0	0
Policing, Environment, Place	1	0	1	0	0	0
Transport Ops & Passenger Exp	47	18	4	17	7	1
Mass Transit	0	0	0	0	0	0
TOTAL	76	36	12	17	10	1
		47.37%	15.79%	22.37%	13.16%	1.32%
<i>Previous report</i>		48.61%	13.89%	34.72%	1.39%	1.39%

Internal Audit Progress Report

A breakdown of actions still to be implemented is provided here;

Status of In progress recommendations		
Audit Area	In progress Recommendations	Status
Health & Safety	3	These recommendations are now overdue due to delays in seeking approval of the Health and Safety strategy, however a commitment to completion for the outstanding recommendations of the end of March has now been confirmed. Furthermore, an audit of Health and Safety is now underway which will pick up these outstanding recommendations and formally confirm progress, this is due to be completed before the end of the plan year.
Mcard APP	1	Implementation of one recommendation remains in progress, the original due date has passed, and Management has requested a revised implementation date due to changes and further development of the MCARD system.
Transport and Property (Financial Controls)	15	Finance team have confirmed that actions for the finance team have either been completed or will be as part of the distribution of 2024/25 budgets in March 2024. All the remaining outstanding recommendations from the report (most of which are dependent on completion of the system changes) will be formally reviewed as part of the follow up work that is currently in scope and due to be completed in the final quarter of the 23/24 plan year. This review will seek to test the changes made and to assess the improvement to controls as a result and will be reported to the next Committee meeting.
Equalities (EDI)	4	There is a review of EDI underway which is also picking up the status of these in progress recommendations. The EDI Performance and Oversight Board is also refreshing it's EDI plan by the end of March 2024 and will be publishing the annual report on Public Sector Equality Duty by 31 March 2024.
Security of Assets	6	The team have provided a full update on progress against the agreed actions which includes confirmation of additional recruitment, changes to policies and processes including moving records over to the new

Internal Audit Progress Report

		corporate system. A revised implementation date has been agreed to implement a new corporate debt recovery policy and Audit is currently working with officers to review and consider the evidence base for implementation of the remaining overdue recommendations.
GDPR	1	One recommendation remains in progress (due date August 2024) and is dependent upon and included in the scope of the MCA Digital Information Management project which is due to be completed in August 2024.
Contract Management Review-JPB Contract	3	Two of these recommendations that were overdue have been superseded by recommendations in the Investigation Report- Property Services which is outlined below. One recommendation in relation to re-procurement of the JPB contract is in progress and is being worked on with the Commercial team.
Contract Management Review-Leeds Bus Station	2	We have received feedback which shows that good progress has been made to implement these recommendations but that it has identified that work is also needed to improve processes across the organisation and how various teams can jointly support delivery of projects and improvements to contract performance.
Climate Change	1	Report has recently been issued (January 24) and a summary of the audit findings is included in the above section 2 of this report. Management were fully engaged with the review and have positively accepted the recommendation made. They are intending to address the points through the next climate and environment plan which is in progress. A further update will be provided at the next committee meeting.
Investigation Report- Property Services	3	Report recently issued and a summary of the audit findings is included in the above section 2 of this report. Since this review was given an audit opinion of Minimal Assurance the report was escalated and considered by directors and the following update on progress provided: <i>Since the audit has been undertaken in this area, there has been new management oversight of the team, which has led to a series of root and branch changes to the approach to financial operations and understanding of organisational processes. To strengthen and develop knowledge and reflection of roles and responsibilities, training sessions in Financial Regulations and Budget Management principles and Contract Standing Orders for key identified colleagues within the</i>

		<i>Facilities and Assets team have been arranged. Furthermore, the Head of Service/Director are holding a series of meetings with staff to develop and implement robust contract management processes. All of the above are taking place in March 2024 to seek to prevent similar issues arising in the future.</i>
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4. Customer Feedback

There was no customer feedback to report in this period.

5. Performance Measures

The following provides some general performance indicator information to support the Committee in assessing the performance of Internal Audit.

Measure	Annual Target	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Annual Governance Statement deadline 2022/23 - to include annual audit opinion achieved	July (draft) March (final)	NA	NA	NA	NA	NA	Draft done	NA	NA	NA	NA			NA
Compliance against Public Sector Internal Audit Standards - self assessment against the Local Govt checklist achieved	July (draft) March (final)	NA	NA	Met	NA	NA	NA	NA	NA	NA	NA			Met
Customer Satisfaction (including question around EDI approach)	80% good or above	NA	100%	100%	NA	NA	100%	NA	NA	NA	NA			100%
Reports issued within 10 working days from completion of audit work	95%	0%	67%	0%	NA	100%	NA	50%	100%	NA	20%			43%
Percentage completed reviews against agreed plan, quarterly targets	Q1=10%, Q2=40%, Q3=70%, Q4=90%	0%	0%	7%	7%	7%	10%	15%	19%	19%	36%			36%
Percentage of recommendations agreed	90%	99%	100%	NA	NA	100%	NA	100%	NA	NA	100%			99%

Internal Audit Progress Report

Fraud/ Whistleblowing acknowledgement, where appropriate, within 10 working days	100%	NA	100%	0%	100%	100%	NA	100%	NA	NA	100%			88%
Fraud/ Whistleblowing reports to be issued within 10 working days of investigation completion	95%	NA	N/A	0%	NA	NA	NA	NA	0%	NA	0%			0%
Grant certifications to be completed within 3 working days (or to a separately agreed deadline) of a fully completed evidence file being received	95%	100%	100%	NA	100%	100%	NA	NA	NA	NA	NA			100%