West Yorkshire Combined Authority

West Yorkshire Combined Authority Internal Audit Plan 2019-20

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1 Introduction

Internal Audit is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Combined Authority the role of the Board within the Standards is taken by the Combined Authority's Governance & Audit Committee and senior management is the senior Leadership Team. The Governance & Audit Committee is required to review and approve the Internal Audit Plan to provide assurance to support the governance framework.

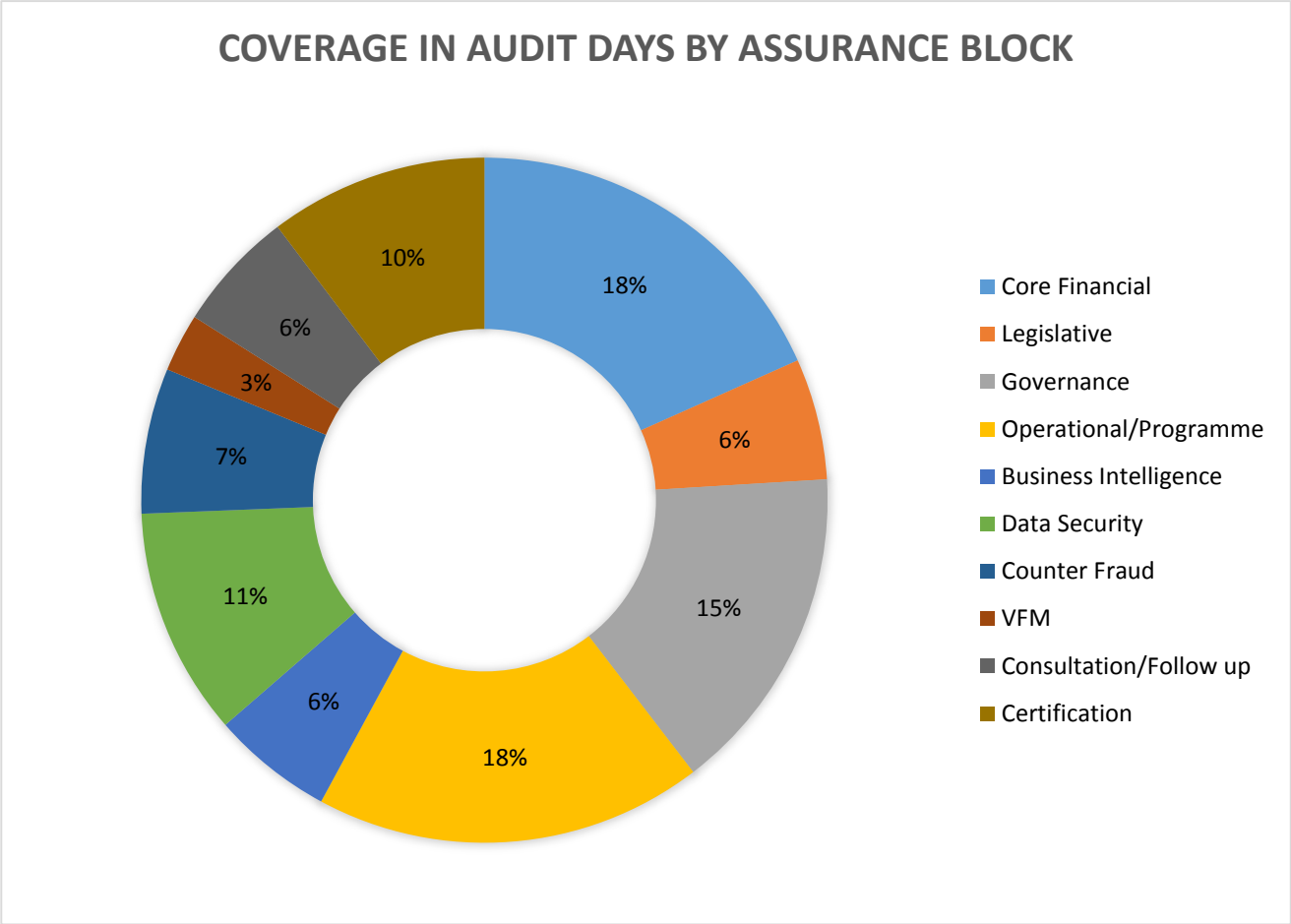
The Combined Authority's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Internal Audit Service. The PSIAS make reference to the role of 'Chief Audit Executive'. For the Combined Authority this role is fulfilled by the Head of Internal Audit.

The Chief Audit Executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities of the organisation.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view of providing management, the responsible finance officer (Section 73) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Governance & Audit Committee.

2 High Level Audit Plan

This chart represents a summary of the planned audit coverage for the year providing 457 direct audit days. It should be noted that, in accordance with PSIAS, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Combined Authority and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and objectives of the Combined Authority.



We have set out our plan based on the current organisational structure for the Combined Authority. Reviews have been identified within assurance blocks linked to organisational risks.
Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages provide an analysis of proposed audit coverage in the year.

West Yorkshire Combined Authority

Internal Audit Plan 2019-2020

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
Financial Risk *Risk of failing to manage finances in accordance with public sector accounting requirements and funding constraints.*			Core Financial Controls – 80 Audit days
	R1 Financial Procedures	Robust Financial Management	Creditors *Key controls - separation of duties, review & authorisation*
	R1 Financial Procedures	Robust Financial Management	Payments *CBO, PURCHASE CARDS, BANK TRANSFERS*
	R1 Financial Procedures	Robust Financial Management	Main Accounting – General Ledger *Key Financial Controls - Budget monitoring, separation of duties, review & authorisation, Reconciliation of bank transactions with accounting entries.*

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
	R1 Financial Procedures	Robust Financial Management	Debtors, Debt Management *Key controls - separation of duties, review & authorisation*
	R1 Financial Procedures	Robust Financial Management	Payroll *Key controls - separation of duties, review & authorisation*
		Robust Financial Management	Expenses & Allowances *Compliance with policy/guidance*
	R1 Financial Procedures	Robust Financial Management	Treasury Management
		Attainment of Value for Money. Statutory Compliance	Procurement *Tendered Subsidised Bus Service Contracts.* *Sustainability – Supply chains, (social and environmental responsibilities)*
Legal Compliance Risk *Risks arising from non-compliance with legislative requirements.*			Legislative Operating Framework – 25 Audit Days

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
	R1 Health & Safety Regulations	Statutory Compliance	Health & Safety *Including CDM, Funded projects – Growth Deal , LTP*
	R1 Employment Regulations	Statutory Compliance	Employment Law & HR processes
Governance Risk *Risk that losses or organisational performance is compromised as a result of unclear authorities, structures and accountabilities*			Governance Arrangements – 68 Audit Days
		Effective Corporate Planning & Performance	Risk Management *The review will be completed in two parts. The first part will focus on providing the Governance & Audit Committee with assurances that the risk management strategy and procedures are in line with best practice and are being embedded throughout the organisation. The second part will focus*

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
			on effectiveness of delivery and implementation using some specific risks to 'deep dive' for further testing
		Improved Transparency	Code of Corporate Governance *Compliance with requirements and effectiveness of measures in place.*
	SS1 & TS5 Risk of Major Incident. TS6 Accident or Injury at a CA Facility	Effective Corporate Planning & Performance	Business Recovery/Contingency
	R1 Governance Procedures	Improved Transparency	West Yorkshire Combined Authority/LEP Governance - Decision making arrangements, authorities and delegations. *This review will examine the effectiveness of the Strategic Leadership Team and sub committees against deemed best practice, assessing whether the key strategic issues facing the Combined Authority are being given sufficient attention.*
		Statutory Compliance	Recruitment Procedures & Temporary Employment Arrangements

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
			**Deferred from 2018/19*
	R1 Audit Requirements	Statutory Compliance	Annual Governance Statement
Operational/ Risk *Risk of impaired service delivery resulting from inadequate or failed internal processes and systems, error and deficiencies in the performance of external suppliers and stakeholders.*			Operational – 40 Audit days
		Bus Services Provision	Prepaid Tickets & Concessionary Fares *Operation of key financial controls*
		Bus Services Provision	Tendered Subsidised Bus Services *Contract Management/Monitoring*

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
		Retail Services	Metro Travel Centre Operations *Operation of key financial controls*
		Retail Services	English National Concessions Travel Scheme *Management, Fraud prevention information governance*
Delivery Change Risk *Risk that programmes and projects are not delivered in time, within budget and do not deliver agreed benefits. Risk of fraud, misappropriation of funds*			Programme Assurance – 40 Audit Days

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
	SD1 Failure to Deliver Corporate Objectives SD2 Failure to Deliver Growth Deal and other capital programmes F4 Financial Failure of a major contractor, supplier or recipient of funding F5 Failure of contractor to deliver within timescales, benefits or outputs	Delivery of Projects & Programmes Robust Financial Management Attainment of Value for Money. Statutory Compliance	Programme Assurance *Programme Assurance we will risk assess all programme activities and allocate time to assuring you on project delivery, that risks are being sufficiently identified, managed and by identifying and testing controls that need to be effective in order for programmes to be delivered across delivery and economic services functions* *LOCAL ASSURANCE FRAMEWORK – The Combined Authority needs to ensure that the LAF is designed and operating effectively. We will review the Authority's decision making processes around investment appraisal and monitoring benefits realisation to further inform future decision making.*
Information and Communication Risks *Failing to provide sufficient, appropriate, consistent and timely information to key*			Business Intelligence – 25 Audit Days

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
internal and external stakeholders.			
		Effective Corporate Planning & Performance	Data Quality/Business Intelligence *Decision making will be underpinned by the quality of information used. We will critically asses business intelligence functions and test the controls and output around the six principles of good data quality. We will test key sources of performance information to enable the Combined Authority to rely on performance reporting.*
Data Security/Data Protection Risks *Failure to adequately maintain and protect business critical data and appropriately, hold sensitive personal information*			Data Security – 47 Audit Days
	TS11 Loss or unavailability of ICT systems	Secure Systems	Data Security/Data Protection *Review of ICT systems and network controls,*

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
	R2 GDPR Compliance	Statutory Compliance	GDPR *We will review the Combined Authority's policies and procedures for complying with the General Data Protection Regulations. We will perform tests of operating effectiveness for a sample of individual requirements, reviewing procedure documents and holding interviews with key personnel. We will discuss with the relevant Heads of Service the key risk areas regarding data populations, and perform testing on samples of data drawn from a selection of key systems to test the operating effectiveness of GDPR policies and procedures.*
		Secure Systems	Cyber Attack/Systems Penetration testing *We will liaise with ICT on the performance of systems penetration testing and provide an independent assessment of the security of these arrangements*
Counter Fraud			30 Audit Days
		Statutory Compliance Robust Financial	Pro-active counter fraud *Data matching tests will be performed to detect duplicate payments*

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
		Management	
		Statutory Compliance Robust Financial Management	Allowance/contingency to investigate any allegations of suspected fraud, bribery or corruption.
Value for Money			12 Audit Days
		Attainment of Value for Money.	Engagement and use of Consultants Contract Management
Consultation			15 Audit Days
		Secure Systems	Allowance for the provision of advice in relation to the development and implementation of new or significant changes to systems and processes
Certification			45 Audit Days
		Head of Internal Audit Assurance	Access Innovation Fund
		Head of Internal Audit Assurance	Growth Deal Fund

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
		Head of Internal Audit Assurance	Growth Hub Grant
		Head of Internal Audit Assurance	Resource Efficiency Fund
		Head of Internal Audit Assurance	Local Transport Fund
		Head of Internal Audit Assurance	Interreg SHARE North
		Head of Internal Audit Assurance	City Cycle Grant
		Head of Internal Audit Assurance	ERDF & ESIF
		Head of Internal Audit Assurance	Strategic Business Growth Fund
		Head of Internal Audit Assurance	ART (Autonomous Road Transport)
Follow up			10 Audit Days
		Head of Internal Audit Assurance	Allowance for the follow up of progress in implementing agreed actions to significant control weaknesses
General Contingency			20 Audit Days
		Head of Internal Audit Assurance	Contingency for the requirement for Internal Audit to perform unplanned

Risk Category	Risk Register Reference	Corporate Objective	Assurance Area
			work.
Total			**457 Audit Days**