

**Report to:** Governance and Audit Committee

**Date:** 23 July 2019

**Subject:** **Internal Audit Progress Report**

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**Director(s):** Angela Taylor, Director, Corporate Services

**Author(s):** Angela Taylor/Bronwyn Baker

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## **1 Purpose of this report**

- 1.1 To inform the Combined Authority of the work undertaken by the Internal Audit section.

## **2 Information**

- 2.1 In accordance with the Accounts & Audit (England) Regulations 2015, the Combined Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.
- 2.2 The Committee has previously been made aware of the planned resignation of the Internal Audit Manager on 30 June 2019. A recruitment process with the input of the Chair of the Committee has taken place and Bronwyn Baker has been appointed to the position of Head of Internal Audit. She took up her post on 1 July.
- 2.3 The outgoing postholder has overseen the completion of the 2018/19 internal audit plan and his overall audit opinion for 2018/19 was provided under item 9. Whilst some work has commenced on the 2019/20 approved plan this has not yet resulted in any final reports. It is proposed that the new Head of Internal Audit take the opportunity to review the current plan in the light of her experience and audit knowledge, and in effect carry out the usual half year review of the plan over the summer and seek to establish a revised plan. This would include consultation with members ahead of the next meeting of the Committee to enable progress to be made as soon as possible with audit work.
- 2.4 A summary of the reports relating to 2018/19 that have been released by the internal audit section since the last meeting of the Committee are set out below:

## Main accounting systems

- 2.5 The audit work considered the arrangements in place to manage and report on the finance function, the provision of financial information, the policies and procedures in place, the preparation of the financial statements, year end processes, intercompany transactions and journal transactions. The audit opinion is 'reasonable assurance,' the same as the last time these systems were audited. Four low priority recommendations were made and accepted.

## Debtors

- 2.6 The audit work considered a range of controls in place to ensure the accuracy of debtor invoices and credit notes, debt recovery systems and the presence of appropriate procedures. The audit opinion is 'reasonable assurance,' the same as the last time these systems were audited. Three low priority recommendations were made and accepted.

## Risk management

- 2.7 The audit work considered the arrangements and processes in place to support an effective risk management system. The audit opinion is 'reasonable assurance,' an improvement on the previous rating of 'requires improvement.' Two medium and one low priority recommendations were made and accepted.
- 2.8 Since the last meeting of the Committee most of the outstanding audit recommendations, including the high priority ones, made in the last year have been addressed. It is proposed that the new Head of Internal Audit consider the remaining recommendations in conjunction with the audit team and the relevant managers and ensure they are all implemented by the time of the next Committee meeting or an acceptable timescale is agreed and closely monitored. A report will be brought to the next meeting of the Committee.

## **3 Financial Implications**

- 3.1 There are no financial implications directly arising from this report.

## **4 Legal Implications**

- 4.1 There are no legal implications directly arising from this report.

## **5 Staffing Implications**

- 5.1 The performance of some elements of the audit plan require the buying-in of audit specialisms.

## **6 External Consultees**

- 6.1 No external consultations have been undertaken.

**7 Recommendations**

7.1 That this report be noted.

**8 Background Documents**

None.

**9 Appendices**

None.