

## Summary of completed audit reports to date

### **Employee Expenses**

The objective and scope of the review of Employee Expenses was to assess the arrangements to mitigate significant risks associated with the operation of the function. The review considered the presence and the operation of the following key controls:

- Appropriate forms used to record and authorise expenses;
- The accuracy of expense calculations;
- The appropriate authorisation of expenses;
- Processing and payment of expenses;
- Fraudulent expense claims from employees;
- Procedures;
- Security arrangements for storing of paper documentation, retention and disposal;
- Controls for uploading and processing information onto the system.

Main observations and recommendations:

The controls currently in place are adequate and the rating for the review is **REASONABLE**, however, there is a need to update and revise the travel and expenses policy to ensure better compliance.

Action by: end of December 2019.

### **Creditors**

The extent and nature of tests performed were determined through the identification of significant inherent risks associated with compliance with Creditors procedures. The review considered the presence and the operation of the following key controls:

- Mechanisms and policies to ensure the timely payment of creditors
- Checks to ensure that payments are adequately supported in terms of documentary evidence
- Independent reconciliation of orders to related bids and price comparisons
- Special treatment for the independent scrutiny of PANI's
- Controls to ensure the completeness and integrity of payment runs (BACS etc.)
- Effective validation of authorities for corporate commitments
- A sound invoice 'match and pass' process
- Documented procedures for the control and operation of creditor processes
- Management review of aged balances
- Safe custody and control of cheques stocks
- Prompt cancellation of outstanding order records which are no longer valid
- Monitoring, verification and authorisation of supplier standing data additions and changes, with special reference to bank details

Main observations and recommendations:

The controls currently in place are adequate and the rating for the review is **REASONABLE**, however processes need to be strengthened in respect of changes and additions to creditor master file data, specimen authorising signatures, scrutiny of higher value purchase orders by Procurement, verification of supplier banking details and on-line access controls

Action by: end of December 2019

### **GDPR (Stage 3)**

The objectives and scope of the combined review of GDPR and Freedom of Information, were to assess the arrangements to ensure compliance with the EU General Data Protection Regulation of 2018 and the Freedom of Information Act of 2000; both are addressed within the ongoing Information Governance Project, led by the Combined Authority's Data Protection Officer.

The specific areas covered in this phase of the review were as follows:

- The Data Protection and Confidentiality Policy of April 2019, which defines the Combined Authority's overall Data Protection regime, and encapsulates a variety of detailed subsidiary processes
- The Subject Access Request and Data Subject Rights Requests Procedure of June 2019
- The Freedom Information / Environmental Information Regulations & Transparency Policy of February 2019

Main observations and recommendations:

The policies and procedures reviewed by Audit were found to provide **REASONABLE** assurance that if properly applied, would ensure the Authority's compliance with both legal compliance and procedural best practice in the areas addressed. The sole area of non-compliance, related to the requirement for a compliance checking regime, whose form had yet to be determined.

Action by: end of November 2019

### **Corporate Governance**

The objectives of the review were to assess, in relation to the topics addressed, the policies and procedures in place to establish an effective Corporate Governance framework, which is compliant with best practice, relevant legislation and regulations. The areas covered relate to Combined Authority and Transport processes; those specific to Delivery and Economic Services will be addressed in a future year's programme.

The specific areas addressed were as follows:

- The formulation of corporate policy
- Member and Leadership development programmes
- Committee processes, constitutions and structures
- Transparency and Freedom of Information requests

Main observations and recommendations:

The ongoing Governance Revision Project was well advanced at the time of the review, and Audit formed the view that this should result in significant improvements in the areas covered, given these changes favoured by the Revision Project, we arrived at the opinion that the relevant controls and procedures would deliver **REASONABLE** assurance of compliance with good practice and the applicable legal regulations. No specific recommendations were made, as Audit believe that actions already in train or in business plans should address the areas noted in the review and Audit plans to monitor progress of the project to confirm actions.

## **English National Concessionary Travel Scheme**

The objectives of the review were to assess the policies and procedures in place to establish an effective internal control framework for the Combined Authority's participation in the English National Concessionary Travel Scheme (ENCTS). ENCTS is a national scheme defined by legislation, which provides free of charge travel to senior citizens and the disabled.

Specific areas addressed were as follows:

- Compliance with the Transport, Act 2000, the Concessionary Bus Travel Act 2007, and the various guidelines and directives issued by the Dept. of Transport
- The CHASE on-line application process
- Management information and performance management
- Complaints handling and recording
- CHASE system access controls

Main observations and recommendations:

The review of controls and processes in place, delivered **REASONABLE** assurance of their ability to provide an effective internal control framework, however, audit highlighted the need for a review of the overall complaints handling policy.

Action by: end of November 2019

## **Risk Management**

The purpose of this audit was to assess how well embedded risk management is within the Combined Authority as a whole. It was also to feedback to the corporate policy team, responsible for the risk management strategy, areas where improvements could be made through a series of recommendations.

#### Main Observations and Recommendations:

As a result of the interviews and documentary review undertaken for this audit which included various layers of management in all the directorates, our opinion provides **LIMITED** assurance that risk management is embedded throughout the organisation. However, we do recognise that significant work has been done to develop a strategy and processes to support the implementation of risk management across the business, but there is still more to do to ensure that it is widely and consistently used throughout the Combined Authority.

In terms of recommendations, we would particularly emphasise that without a considered and well thought through awareness raising and training plan, progress will be difficult. It is also essential that the senior leaders in the organisation regularly role model effective risk management approaches in their work as a team and within their directorates to raise the profile and shared understanding of what risk management means within the Combined Authority. A number of specific recommendations have been made with regard to updating the current risk management strategy, further raising awareness and developing a training plan. These are for action by the end of November 2019.