
Report to: Governance and Audit Committee

Date: 23 January 2020

Subject: **Internal Audit Progress Report**

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1. Purpose of this report

- 1.1. To ask members to consider the contents of the report and supporting appendix detailing the progress against the delivery of the annual internal audit plan.

2. Information

Audit Delivery for 2019/20

- 2.1 As previously reported, the Internal Audit team is now adopting an agile audit delivery methodology where the team work together on reviews, with frequent consideration of emerging issues. This makes audits more responsive and interactive, reduces reliance on a single auditor and ensures that reporting is quicker and more focused on key concerns and emerging themes.
- 2.2 Details of amendments made to the audit plan for 2019/20 to enable the Head of Internal Audit to give a considered annual audit opinion in the Assurance Governance Statement at year end are included in the appendix, along with the reasons why these were needed.

Completed reviews to date

- 2.3 Since the last Governance and Audit Committee meeting reviews on compliance with HR policies in three directorates have been completed, and at the time of writing are ongoing at the remaining two directorates. A full report on this compliance will be provided to the next meeting, by which point all the work, including management responses, will be available. In addition, an advisory report has been issued providing advice to Economic Services on appropriate counter fraud measures when investing in local businesses. The appended report provides details of all work completed to date.

Planning for 2020/21

- 2.4 Internal Audit is currently developing the proposed Internal Audit Plan for 2020/21. A separate report has been provided on this agenda on the process

being followed to do so, which involves analysing the risks faced by the Combined Authority in the context of the overall audit universe, and determining where assurance is being provided from elsewhere that provides mitigation against these risks.

Customer Feedback

- 2.5 Customer feedback has now been received for a number of Internal Audit reviews and qualitative comments will continue to be sought to identify areas for improvement.

Internal Audit Organisational Design (OD)

- 2.6 A new Principal Internal Auditor started in November 2019. Two existing Internal Auditors left the team in December 2019, so it is currently operating at reduced capacity. One of these was due to the scheduled ending of a fixed term contract. Temporary cover is being sought whilst a full recruitment process takes place for the other vacant post.

Fraud/ Whistleblowing/ Money Laundering

- 2.7 Internal Audit has been notified of an anonymous whistleblowing allegation received by HR which it has been agreed the HR team will continue to investigate. Progress will be provided to Internal Audit, but it is not expected that there will be any requirement for further work from internal audit.
- 2.8 There have been no money laundering incidents to investigate so far this year and no further potential fraud allegations.

3. Financial implications

- 3.1 None.

4. Legal implications

- 4.1 None.

5 Staffing implications

- 5.1 As noted in the report.

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the Committee consider the internal audit progress to date.

8. Background Documents

None.

9. Appendices

Appendix 1 – Internal Audit Progress Report January 2020