West Yorkshire Combined Authority

Governance & Audit Committee

Draft Internal Audit Plan 2020/21

March 2020

2020/21 Internal Audit Plan

Background

The provenance of the proposed audits has come from a number of sources identified below. A clear and current audit universe for the Combined Authority is being developed to inform both this year's planning, and to ensure that there is sufficient background intelligence to inform future planning. There are clearly a number of commitments that have been made in various applications and documents in the past, and it is vital that Internal Audit understand what and where these commitments have been given.

Sufficient internal audit work needs to be undertaken to enable the Head of Internal Audit to provide an annual audit opinion in line with the Public Sector Internal Audit Standards (PSIAS). However, reliance also needs to be built up on the management assurances in place across the Combined Authority, in order to ensure that there is enough breadth to the assurances across the organisation's controls and governance, covering the widest possible range of priorities and deliverables. It is essential that high level management assurances (usually via Director level assurance statements) are built into the annual governance reporting, to enable a complete picture of how robustly these controls are being applied.

Audit Planning Considerations

External

As part of this planning process Internal Audit have been considering the wider external risk horizon, and have had particular regard to a report by the Chartered Institute of Internal Auditors (CIIA), Risk in Focus 2020. This work highlights the key business risks as identified by Chief Audit Executives and their Boards across the UK

and Europe for the forthcoming year. The CIIA recommend this as a resource to check against when audit planning. In summary, the following areas constitute the top ten identified risks:

- Cybersecurity and data privacy
- Increasing regulatory burden
- Digitalisation
- Outsourcing, supply chains and third-party risk
- Business resilience, brand value and reputation
- Financial risks
- Political risks
- Human Resources
- Governance, Ethics and Culture
- Climate Change

Internal Audit have also consulted with Heads of Audit across the Local Authorities in the Leeds City Region, and with Combined Authority Heads of Audit in Manchester and Liverpool as to their plans.

Internal

Internally, a review is being undertaken of known commitments, outside of the main statutory commitment to having an internal audit function working to a risk based plan, which include the following:

- Various Economic Services grants in their applications give a commitment to a number of audits and there are ongoing commitments to signing off on grant certifications for the regular grant claims. The Financial Regulations also give significant responsibility to the Chief Finance Officer in relation to grants, some of which is currently supported by Internal Audit (IA).

- Our annual insurance process gives a commitment in the Crime Proposal Form to an established audit cycle for all operations.
- General Data Protection Regulation (GDPR) policy commits to auditing compliance.
- Combined Authority Financial Regulations commits IA to Counter Fraud Work (prevention and detection).
- Combined Authority Financial Regulations commits IA to checking compliance with Contracts Standing Orders and Financial Regulations.
- Combined Authority Financial Regulations commits IA to auditing security of assets.
- Combined Authority Financial Regulations commits IA to auditing the adequacy of financial systems.

Feedback from the Governance and Audit Committee requesting that the following areas be included:

- Strategic planning
- Corporate Governance including connectivity across directorates
- MI systems – individual and corporate
- GDPR and data privacy
- Culture and working together, including at the workforce level
- Financial uncertainty, and the availability of future funding streams
- Cyber security

Feedback from the Senior Leadership Team and Heads of Service requested that the following areas be included:

- Equalities
- Contract management
- Procurement
- Human Resources (HR)

- Devolution
- Brexit
- Skills and property
- Project management
- Construction (Design and Management) (CDM) Regulations
- Adult Education Budget (AEB)
- Quality assurance
- Purchase to Pay
- Cyber
- Complaints handling/ casework
- Safeguarding
- Bus station safety and accessibility

Proposed Internal Audit Plan 2020/21

	Assurance Area	Provenance	Link to Corporate Risks/Priorities
1	Strategic planning	Governance & Audit Committee and External Horizon Scanning (Risk in Focus).	Service Delivery and Operational (CRR-SD5)
2	Corporate Governance (in particular connectivity across directorates)	Governance & Audit Committee and External Horizon Scanning (Risk in Focus).	Service Delivery and Operational (CRR-SD5)
3	Management information systems (MIS) - Corporate	Governance & Audit Committee- to include business continuity/ disaster recovery.	Transformational Change (CRR-TC1)

4	Management information systems (MIS) – HR & Finance	Governance & Audit Committee and Internal Audit work from 2019/20.	Transformational Change (CRR-TC1)
5	GDPR and data privacy	Governance & Audit Committee and External Horizon Scanning (Risk in Focus).	Legal and Compliance risk (CRR-LC1)
6	Culture – working together	Governance & Audit Committee and External Horizon Scanning (Risk in Focus).	Transformational Change (CRR-TC1)
7	Financial – access to future funding streams	Governance & Audit Committee and External Horizon Scanning (Risk in Focus).	Finance and Resources (CRR-FR1)
8	ICT including cyber security (and covering Transport Services technology developments)	Governance & Audit Committee, External Horizon Scanning (Risk in Focus), Senior Leadership Team and Heads of Service meetings.	Safety and Security (CRR-SS2)
9	Digitalisation	Governance & Audit Committee and External Horizon Scanning (Risk in Focus).	Transformational Change (CRR-TC1)
10	Health and safety	Previous external work identified a number of areas of improvement required. Internal Audit (IA) will follow up on this work to gain assurance that sufficient progress has been made.	Safety and Security (CRR-SS1)
11	Climate change	External Horizon Scanning (Risk in Focus).	Environmental (CRR-E1)
12	Risk management	Annual health check to inform the audit opinion and follow up work from 2019/20.	Legal and Compliance (CRR-LC1)
13	HR compliance follow up review	External Horizon Scanning (Risk in Focus) and follow up on IA work from 2019/20.	Legal and Compliance (CRR-LC1)

14	Programme assurance	A rolling programme of reviews to be undertaken to health check that projects and programmes are moving appropriately through the assurance framework process, and how well we are applying our preferred project management methodology.	Service Delivery and Operational (CRR-SD1)
15	Counter fraud work	Investigative work as required, and regular testing to provide assurance on controls.	Legal and Compliance (CRR-LC1)
16	Security of assets	Combined Authority Financial Regulations.	Legal and Compliance (CRR-LC1)
17	Compliance with Contracts Standing Orders & Financial Regulations	Combined Authority Financial Regulations. Initial focus on Purchase to Pay with checks on segregation of duties and possible collusion.	Legal and Compliance (CRR-LC1)
18	Equalities, including bus station safety and accessibility	Senior Leadership Team and Heads of Service meetings.	Legal and Compliance (CRR-LC1)
19	Procurement	Senior Leadership Team and Heads of Service meetings and follow up on IA work from 2019/20.	Legal and Compliance (CRR-LC1)
20	Contract management	Senior Leadership Team and Heads of Service and follow up on IA work from 2019/20.	Legal and Compliance (CRR-LC1) Development and Regeneration (CRR-DR1)
21	HR Strategy implementation	Senior Leadership Team and Heads of Service meetings.	Transformational Change (CRR-TC1)

22	Devolution	Senior Leadership Team and Heads of Service meetings, with an initial focus on Adult Education Budgets (AEB).	Finance and Resources (CRR-FR3)
23	Brexit	Senior Leadership Team and Heads of Service meetings.	Service Delivery and Operational (CRR-SD2)
24	Quality Assurance	Senior Leadership Team and Heads of Service meetings.	Reputational (CRR-R2)
25	Skills and property	Senior Leadership Team and Heads of Service meetings.	Finance and Resources (CRR-FR3)
26	Construction (Design and Management) CDM	Senior Leadership Team and Heads of Service meetings.	Legal and Compliance (CRR-LC1)
27	Safeguarding	Senior Leadership Team and Heads of Service meetings.	Legal and Compliance (CRR-LC1)
28	Complaints handling/ casework	Senior Leadership Team and Heads of Service meetings.	Transformational Change (CRR-TC1)
29	Various grant certifications	As requested by the business.	NA