

# Appendix 1

## **Governance & Audit Committee Internal Audit Progress Report**

**July 2021**

# Key Headlines / Index

**Top three issues** – PCC transfer arrangements as we work through the details in a practical sense, similarly Mayoral governance arrangements and current Covid impacts including transport and business support

**Progress against 2021/22 Audit Plan and any planned changes** - detailed at pages 4-7

**Outstanding actions**- Audit are currently agreeing new implementation dates for a number of outstanding audit actions in relation to contract management. Progress against these recommendations has been delayed due to resource deployment during Covid and difficulties in quickly recruiting to specialist procurement areas.

## Counter Fraud, Whistleblowing and Anti Money Laundering

The fraud referral that was referenced in the last progress update to GAC has now concluded after an initial investigation. There was no action that the Combined Authority could take as the complainant did not hold a contract directly with the Authority. They have been referred elsewhere to progress their issue. The table below provides a summary of referrals reported during 2021-22.

	Total number of referrals 21/22	Investigation completed - No breach/no further action	Investigation completed – further action taken	Still under investigation
Fraud - External	1	1	NA	NA
Fraud - Internal	0	NA	NA	NA
Whistleblowing	0	NA	NA	NA
AML	0	NA	NA	NA

## Grant certification

Internal Audit resource continues to provide certification in accordance with the funding bodies grant determination letter requiring the Head of Internal Audit to sign off expenditure incurred. To date, in 2021-22, we have reviewed and certified the following grants.

Grant	Claim Period	Value certified £
Investment Readiness	Qrt 4 2020-21	156,219
Connecting Innovation	Qrt 4 2020-21	109,224
Rebiz (REF2)	Qrt 4 2020-21	214,339
Strategic Business Growth	Qrt 4 2020-21	264,636
Art Forum Interreg	Annual 2020-21	3,629
BEIS Core Funding	Annual 2020-21	512,500
BEIS EU Transition Funding	Annual 2020-21	248,550
BEIS BEIS Uplift Funding	Annual 2020-21	267,500
Brownfield Housing Fund	Annual 2020-21	551,843

No significant matters arose during the certification of these grants.

# 2021/22 Internal Audit Plan

	Assurance Area	Provenance	Link to Corporate Risks/Priorities	Current Status/Timetable
1	Integrated Corporate System (HR, Finance, Payroll)	Corporate Risk Register	Transformational Change (CRR-TC1)	This review will focus on current finance systems as the ICS system has been delayed. We are currently scoping a review of the Creditors (accounts payable) system.
2	Covid: grants and recovery	Corporate Risk Register, External Horizon Scanning (Risk in Focus)	Service Delivery and Operational; Finance and Resources (NEW)	Part of Counter Fraud work
3	GDPR and data privacy	Corporate Risk Register, External Horizon Scanning (Risk in Focus)	Legal and Compliance risk (CRR-LC1)	Quarter 4
4	ICT – various, including Cyber Security	Corporate Risk Register, External Horizon Scanning (Risk in Focus)	Safety and Security (CRR-SS2)	Quarter 2,3,4

5	Health & Safety including processes around claims	Corporate Risk Register, External Horizon Scanning (Risk in Focus)	Legal and Compliance risk (CRR-LC1), Safety and Security (CRR-SS1)	In progress
6	Climate Change	Corporate Risk Register, External Horizon Scanning (Risk in Focus)	Environmental (CRR-E1)	Quarter 3
7	Project and Programme Assurance (various reviews)	Corporate Risk Register, External Horizon Scanning (Risk in Focus)	Service Delivery and Operational (CRR-SD1)	In progress – Flood Management
8	Equalities	Corporate Priorities	Legal and Compliance (CRR – LC1)	Quarter 4
9	Procurement	Combined Authority Financial Regulations, External Horizon Scanning (Risk in Focus)	Corporate Priorities	Quarter 2-3
10	Contract Management	Corporate Risk Register	Service Delivery and Operational (CRR-SD1)	Scoping
11	MCA Workstreams	Corporate Risk Register	Transformational Change (CRR-TC1)	Quarter 2

12	Risk Management	Annual health check to inform the audit opinion	Corporate Priorities	Quarter 4
13	HR	Corporate Risk Register, External Horizon Scanning (Risk in Focus)	Transformational Change (CRR-TC1)	Quarter 3
14	AEB	Various reviews in line with newly developed assurance framework for AEB	Corporate Priorities	Ongoing advice and guidance, to be followed by provider assurance in Q4
15	Counter Fraud work including a review of business support Covid grants	Combined Authority Financial Regulations	Corporate Priorities	Quarter 3
16	Security of Assets	Combined Authority Financial Regulations	Corporate Priorities	Quarter 3
17	Compliance with Contracts Standing Orders & Financial Regulations	Combined Authority Financial Regulations	Transformational Change (CRR – TC1)	Scoping
18	Complaints Handling/Casework	Corporate Risk Register	Transformational Change (CRR – TC1)	Quarter 3
19	Safeguarding	Corporate Risk Register	Corporate Priorities	Scoping
20	Grant Audits	In line with funding applications and funding agreements	Corporate Priorities	As requested by funders

21	Attendance on Boards	Advice and guidance to inform the control framework	Transformational Change (CRR – TC1)	Ongoing
22	Various grant certifications	In line with funding applications and funding agreements	Corporate Priorities	See above grants table
23	Commercial	SLT request – value add review	Corporate Priorities	Quarter 4
24	Bus Funding Model	SLT request – probity and monitoring of contracts	Service Delivery and Operational (CRR – SD3)	Quarter 2-3
25	Insolvencies	SLT request – our response to insolvencies	Development and Regeneration CRR – DR1	Quarter 4
26	Inter Directorate Working - Use of SLAs/MOUs	SLT request – benchmarking/advice and guidance	Corporate Priorities	Quarter 4