



West
Yorkshire
Combined
Authority

Tracy
Brabin
Mayor of
West Yorkshire



Governance and Audit Committee

Internal Audit Progress Report

January 2025

Appendix 1

1.Key Headlines / Index

Top three issues – Mass Transit, Bus Franchising and Cyber Security.

Reports issued – Page 3 provides an update of work carried out since the last report to Committee.

Progress against 2024/25 Audit Plan and any planned changes – Page 5 onwards shows progress against the plan. Work on the 2024-25 plan is progressing. The approval of the business case to strengthen the team has now been actioned and recruitment to three new vacant posts is now underway. Two new recruits have already been identified and will start with the team in mid-January.

Outstanding actions- At page 12 the status of audit recommendations has been provided along with an update on any ‘in progress’ and those that have not met their original due date.

Feedback from clients – Page 16 provides details of customer feedback received from recently issued reports to date.

Performance Measures - Page 17 provides details on our performance measures.

2. Reports Issued/ Progress Updates since the last Committee Meeting

Audit Report- ASF Provider Review (14)

Internal Audit's 14th Adult Skills Fund (ASF) provider review has been conducted, concluding with an audit opinion of **REASONABLE** assurance.

The review focussed on compliance with the WYCA ASF Funding and Performance Management Rules, accuracy of data submission, that delivery of provision is in line with expectations and that appropriate procedures and controls are in place.

The review of public, WYCA and other assurance documents including external quality assessments and accreditation found no cause for concern. The Provider demonstrated a positive attitude to feedback and continuous improvement with work required to rectify the issues raised during the audit having commenced before the conclusion of the audit. Additionally, the provider has invested in the PICS system to improve their enrolment procedures.

Adult Skills Fund (ASF) Progress Update

Progress Update

Audit continues to provide assurance over Adult Skills providers in receipt of Adult Skills funding through an annual rolling programme of reviews which focus on compliance with WYCA Adult Skills Funding Rules, whereby each Independent Training Provider is to be audited once every 3 years. There are 16 Independent Training Providers (ITP) in total, audits have been completed and final audit reports issued for 13 ITPs and a follow up audit of 1 ITP previously given an audit opinion of Minimal in 2021/22 is in progress.

Focus has now shifted to auditing 2 of the 7 Leeds City Region Colleges to gain assurance on Free Courses for Jobs funding.

Regular meetings are also taking place and Internal Audit have continued to provide support, advice and guidance including: the development of the Adult Skills Funding Rules, review of the Performance Management Framework attendance at the Adult Skills Performance Board and ESFA led anti-fraud meetings along with ad hoc pieces of work.

The internal audit of the Adult Skills procurement and contract management arrangements has been brought forward and is currently in progress.

Counter Fraud, Whistleblowing and Anti Money Laundering

There are **Five** cases that are still under investigation two of which were carried forward from the last financial year. There have been no new referrals since the last report, and 4 cases have been closed/finalised. The 4 cases that have been closed in the period were investigated and no breach or fraud was proven.

| Analysis of Fraud referrals | | | | |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Total no of referrals 21/22 | Total no of referrals 22/23 | Total no of referrals 23/24 | Total no of referrals 24/25 |
| Fraud – External | 1 | 5 | 7 | 3 |
| Fraud – Internal | | 1 | 2 | |
| Whistleblowing | | 1 | 2 | 2 |
| AML | | | 1 | |
| TOTAL | 1 | 7 | 12 | 5 |

| | Cases Closed/In progress for last two years + current year | | | | |
|------------------|--|--|---|---|---------------------------|
| | Investigation completed – No breach/fraud and no further action required | Investigation completed – Fraud proven, no loss/controls effective | Investigation completed – Fraud proven, no loss, but control improvements recommended | Investigation completed – Fraud proven; loss/control improvements recommended | Still under investigation |
| Fraud – External | 10 | 1 | 1 | 1 | 2 |
| Fraud – Internal | 2 | | 1 | | 1 |
| Whistleblowing | 3 | | | | 2 |
| AML | 1 | | | | |
| TOTAL | 16 | 1 | 2 | 1 | 5 |

| Grant certification | |
|---|--------------------------|
| Internal Audit continues to review and certify grants that have either required checks to be carried out on expenditure incurred as part of the funding conditions or providing advice to build up assurance processes. Since we last reported checks have been carried out to the following: | |
| Grant/Fund | Value certified £ |
| Core Growth Hub | 423,946 |
| West Yorkshire Ticketing Co | N/A |

3. Internal Audit Plan 2024/25

Overall Opinion Ratings

| Level of Assurance | Description |
|--------------------|---|
| Reasonable | There is a good framework of controls in place and the majority of controls are being consistently applied to ensure risks are managed effectively. |
| Limited | There is an adequate framework of controls in place, but the controls are not being consistently applied to ensure the risks are managed effectively. |
| Minimal | There is a weak framework of control in place and/or the controls are not being consistently applied to ensure the risks are managed effectively. |

| | Assurance Area | Scope/Provenance | Current Status/Timetable |
|---|--------------------------|---|---|
| 1 | ASF Provider Review (13) | This review formed part of the regular assurance cycle for ASF providers that Internal Audit have been commissioned to deliver. Evidence was tested to ensure the reporting; eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place. | Completed REASONABLE ASSURANCE opinion given |

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| | Assurance Area | Scope/Provenance | Current Status/Timetable |
|---|------------------------------------|---|--|
| 2 | Health and Safety 2023-24 | To provide assurance that HS policies and practices are up to date and meet legislative requirement and review processes around incidents and reporting of these and actions taken as a result. | Completed REASONABLE ASSURANCE opinion given |
| 3 | HR- Disciplinary policy | This review examined whether there were adequate and effective controls in place to ensure that actions carried out under the disciplinary, conduct and capability policy and process were proportionate, open, transparent and applied in a consistent approach across the CA. | Completed LIMITED ASSURANCE opinion given |
| 4 | Vulnerability Management follow up | The purpose of this review was to establish the progress made in implementing the action plan contained within the original audit report, dated March 2023. | Completed Follow Up review |
| 5 | ICO framework self-assessment | Formed part of an annual review of GDPR. This review examined the Information Governance team's approach to completing the self-assessment against each category within the ICO Accountability Framework and demonstrate a level of compliance with Data Protection legislation. | Completed Advisory |
| 6 | ASF Provider review (14) | Forms part of a rolling programme of ASF provider reviews. The review is focussed on the provider's compliance with the WYCA ASF Funding and Performance Management Rules, accuracy of data submission, that delivery of provision is in line with expectations. | Completed REASONABLE ASSURANCE opinion given |
| 7 | CIA HR process controls | At the request of Management, this review examines the controls in place to ensure that the Human Resources information held for staff on the new ICS system (CIAnywhere) is valid, complete and well controlled and managed. This review will form the first stage of a rolling programme of data quality reviews. | Draft Stage |

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| | Assurance Area | Scope/Provenance | Current Status/Timetable |
|----|--|---|--|
| 8 | DTS Benefits Realisation | The aim of the review is to provide the assurance that the risk that projects under the MCA Digital programme will deliver their stated business benefits. | Draft Stage |
| 9 | ASF Provider review (15) | Forms part of a rolling programme of ASF provider reviews. The review is focused on the provider's compliance with the WYCA ASF Funding and Performance Management Rules, accuracy of data submission, that delivery of provision is in line with expectations. | Draft Stage |
| 10 | Project and Programme Assurance- Brownfield Housing Fund | This review is examining compliance with the Assurance Framework as well as good project and contract management principles. | In progress |
| 11 | TPS Financial Controls follow up | This review focuses on following up recommendations made in a Minimal Assurance report of Transport directorate financial controls and processes from 22/23. | In progress |
| 12 | Adult Skill Fund Provider review (16) | Forms part of a rolling programme of ASF provider reviews. The review is focused on the provider's compliance with the WYCA ASF Funding and Performance Management Rules, accuracy of data submission, that delivery of provision is in line with expectations. | In progress |
| 13 | Financial Position – management of issues and risk, forecasting – short and long term, grant spend | Business plan commitments and director discussion, need for work in this area particularly in light of delays to external audit giving assurance | In progress, advisory piece underway on grant assurance. |
| 14 | EDI - programme of assurance and compliance checks | To continue to examine EDI implementation across the organisation and examine progress in areas highlighted for improvement in the 23-24 audit. And to carry out compliance work to determine how well EDI is being embedded in the CA. | In progress |

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| | Assurance Area | Scope/Provenance | Current Status/Timetable |
|----|---|--|--------------------------|
| 15 | Project and Programme Assurance- UKSPF | This review will examine the programmes compliance with grant funding agreements, internal policies and processes and accuracy of data submissions. | In progress |
| 16 | ASF – programme assurance review focus on procurement and contract management | A review of the procurement and contract management arrangements of the Adult Skills Programmes to give assurance on the effectiveness of controls, governance and risk management. | In progress |
| 17 | Adult Skill Fund Provider review (17) | Forms part of a rolling programme of ASF provider reviews. The review is focussed on the provider's compliance with the WYCA ASF Funding and Performance Management Rules, accuracy of data submission, that delivery of provision is in line with expectations. | In progress |
| 18 | Mass Transit Governance Review | This review will focus on the adequacy of governance arrangements for Mass Transit. | In scope |
| 19 | Financial Controls – address consistency of approach | Business plan commitments and director discussion, need for work in this area particularly in light of delays to external audit giving assurance | Quarter three |
| 20 | Access Bus – contract management and cost benefit | Business plan commitments and director discussion | Quarter three |
| 21 | Procurement Cards (deferred from 23-24) | This review will focus on the use and control Procurement Cards within the CA | Quarter three |
| 22 | Bus Reform – rolling programme of multiple reviews | Business plan commitments and director discussion, major focus for CA and part of mayoral commitments | Quarter three |
| 23 | Commercial/Financial Processes including | Business plan commitments and director discussion, this is a key priority for this area which is supported by outcomes from audit work in 23/24 | Quarter three |

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| | Assurance Area | Scope/Provenance | Current Status/Timetable |
|----|---|--|--------------------------|
| | MCard, Concessions/WYTCL | | |
| 24 | Business Continuity/ Incident Management | Business plan commitments and director discussion, this area is a priority due to lack of consistency in dealing with incidents in different areas of the business | Quarter three |
| 25 | Bus Station Security | Business plan commitments and director discussion, this is an area of risk with additional investment required and assurance needed to confirm adequacy of controls and risk management. | Quarter four |
| 26 | Asset Team structure and scope | Business plan commitments and director discussion, this is a key risk given the outcomes from audit work in 23/24 which showed the need for some fundamental changes to monitoring and managing this area of the directorate including considering the asset base and asset development board. | Quarter four |
| 27 | Business support – a number of reviews on various grant programmes to be agreed | Business plan commitments and director discussion, informed by work in 23/24 and considering due diligence and controls. Further in the longer term on development of the business offer considering governance arrangements (to be kept under review and with links to Level 4 Devolution). | Quarter four |
| 28 | Climate Change – programme of assurance | Business plan commitments and director discussion along with emphasis in Corporate Risk Register and work conducted in 23/24 | Quarter four |
| 29 | Policing and Crime Team – advisory work on governance | Business plan commitments and director discussion and further to outcome of audit work in 23/24 on commissioning and links to governance in this area | Quarter four |
| 30 | Gateway review outcomes – follow up of recommendations (including gainshare monitoring) | Business plan commitments and director discussion | Quarter four |
| 31 | Code of Corporate Governance (deferred from 23-24) | This review will focus on review of the revised delegations and proposed review of the Code. | Quarter four |

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| | Assurance Area | Scope/Provenance | Current Status/Timetable |
|----|--|---|--|
| 32 | Contract Management – central controls and monitoring, effectiveness of second line of defence | To examine the central approach to Contract Management support provided to the organisation. | Quarter four |
| 33 | Commercial Development and Investment | Business plan commitments, need to consider governance and risk management with specific focus to be agreed | Quarter four |
| 34 | Annual assessment of Risk Management | Health check of the risk management arrangements to inform the audit opinion | Quarter four |
| 35 | Transforming Cities Fund (TCF) | Business plan commitments and director discussion, TCF of significant interest to DfT | Quarter four |
| 36 | Supply Chain business continuity (deferred from 23-24) | To examine the due diligence and financial check processes on the CA's supply chain processes | Quarter four |
| 37 | Multiply – programme review to inform annual assurance | Ongoing advice and guidance on requirements of the programme and review to inform the year end annual assurance statement to the DfE. | Quarter one 2025 |
| 38 | Legal, Governance and Compliance - Programme of Assurance | Assurance to support the Annual Governance Statement | Quarter one 2025 |
| 39 | Data Quality (deferred from 23-24) | To review the project examining the provision of data for the region. | To remove as Audit no 8 is considering data quality in relation to HR information as a first priority. |
| 40 | Business Planning – part of three year rolling cycle of reviews | Business plan commitments and director discussion and further to outcome of audit work in 23/24 | To defer to 25/26 given new arrangements being developed for longer |

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| | Assurance Area | Scope/Provenance | Current Status/Timetable |
|----|------------------------------|---|---|
| | | | term business and budget planning. |
| 41 | Level 4 Devolution Readiness | Chief Operating Officer discussion, emerging risk, consideration of governance framework, risk management | To defer given change of government and potential developments in this area. |
| 42 | Skills bootcamps | Business plan commitments and director discussion, informed by work in 23/24 identifying need for assurance over governance and risk management | To remove as this is to be included with the Adult Skills Programme Procurement review, audit no 15 |
| 43 | Counter Fraud work | To undertake proactive counter fraud work to strengthen controls to prevent, detect and investigate theft, fraud and corruption | Ongoing, see above table |
| 44 | Attendance on Boards | Advice and guidance to inform the control framework | Ongoing |
| 45 | Various grant certifications | In line with funding applications and funding agreements | Ongoing, see above table |
| 46 | Grant Audits | In line with funding applications and funding agreements | As required |

Key

| |
|---|
| Audits completed |
| Audits in progress or at draft report stage and on track for completion within year |
| Audits that remain a high priority and that are aiming to be included within the opinion for 24/25, but which may carry over or be deferred |
| Audits that will need to be deferred or removed due to lack of capacity, but that are felt to be either less time sensitive or currently being reviewed |
| Ongoing work, performed as needed/required |

4. Audit Follow up

In line with Public Sector Internal Audit Standards and internal procedures, progress against implementation of agreed actions (audit recommendations) is followed up with the action owner/management at periodic intervals. These follow ups vary between, a formal evaluation of evidence to assess the progress management have made, to obtaining a status update from action owners.

The table below shows the status of agreed actions arising from April 2023 and carried forward overdue recommendations. Of the 46 recommendations remaining to be implemented, the original due date has been revised for 20 actions following discussions with Management, progress relating to 5 overdue actions are ongoing. Explanations for the four “not to be implemented” recommendations have previously been provided to this Committee.

| Status of agreed actions | | | | | | |
|-------------------------------------|-----------|-------------|-------------|--|---|-----------------------|
| Directorate | Total | Implemented | In progress | Original Due Date Not Met Revised Implementation Date Agreed | Overdue, Revised Implementation Date Not Agreed | Not to be Implemented |
| Cross Cutting | 0 | 0 | 0 | 0 | 0 | 0 |
| Finance and Commercial | 2 | 0 | 2 | 0 | 0 | 0 |
| COO Direct report | 28 | 10 | 5 | 10 | 3 | 0 |
| Transport Policy and Delivery | 4 | 4 | 0 | 0 | 0 | 0 |
| Inclusive Economy, Skills & Culture | 3 | 3 | 0 | 0 | 0 | 0 |
| Strategy, Comm, Intelligence | 7 | 3 | 2 | 0 | 2 | 0 |
| Policing, Environment, Place | 2 | 1 | 1 | 0 | 0 | 0 |
| Transport Ops & Passenger Exp | 49 | 24 | 11 | 10 | 0 | 4 |
| Mass Transit | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 95 | 45 | 21 | 20 | 5 | 4 |
| | | 47.37% | 22.11% | 21.05% | 5.26% | 4.21% |
| <i>Previous report</i> | | 42.11% | 32.63% | 21.05% | 0.00% | 4.21% |

| Aged analysis of recommendations past their agreed original implementation date | | | | | | | |
|---|------------|------------|------------|-------------|----------------|----------------|----------------|
| Audit Area | 0-3 months | 3-6 months | 6-9 months | 9-12 months | over 12 months | over 12 months | over 24 months |
| Contract Review - Building Fabric and Maintenance (JPB Contract) | | | | | 1 | | |
| TPS Financial Controls | | | | | 5 | | |
| Security of Assets (Leases) | | | | 3 | 1 | | |
| Vulnerability Management | | | | | 5 | | |
| Health and Safety | 5 | | | | | | |
| EDI | 2 | | | | | | |
| Disciplinary Capability and Conduct | 3 | | | | | | |

5. Status of in progress recommendations

| Audit Area | Number In progress | Current Status |
|--|--------------------|---|
| Directorate: Finance and Commercial Services | | |
| Procurement - Due date not passed | 1 | The recommendation is in progress. On 12 September 2024, the Cabinet Office announced that the Procurement Act 2023 will now commence on 24 February 2025 - a delay of four months from the original go-live date of 28 October 2024 to allow time for a new National Procurement Policy Statement (NPPS) to be produced. |
| Debt Recovery - Due date not passed | 1 | A Debt Recovery Policy has been written, shared with stakeholders and awaiting confirmation of approval prior to implementation. |
| Directorate: COO Direct report | | |

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| Audit Area | Number In progress | Current Status |
|---|----------------------------|--|
| Health and Safety – Revised date agreed | 5 | Recommendations have revised dates and once Internal Leadership Board have approved it will allow these actions to progress. Part of this will be to develop an annual project plan with dates and timescales. |
| GDPR - Due date not passed | 1 | One recommendation remains in progress and is dependent upon and included in the scope of the MCA Digital Information Management project. |
| PCI-DSS - Due date not passed | 3 | The recommendations are in progress with due dates of April 2025, an update will be provided on its implementation at the next committee meeting. |
| Vulnerability Management follow up - Revised date agreed | 5 | The recommendations in the original audit report dated March 2023 were followed up by our ICT specialist Auditor and revised dates were agreed, these are in progress and Audit are following these up with the service. |
| HR- Disciplinary, Capability and Conduct Policy – Overdue dates | 3 Overdue 1 In progress | These actions are in progress or completed, recommendations have been accepted with one partially. A revised Disciplinary Policy and Toolkit and Performance Capability Policy are now live, incorporating recommendations from the Audit Report and replacing the Disciplinary, Capability and Conduct policy. Work will be ongoing during 2025 to embed the policy across the organisation. Other recommendations regarding internal processes in the HR Team from the report are now in place or in the process of being finalised. |
| Directorate: Strategy, Comm, Intelligence | | |
| EDI – Overdue dates | 2 Overdue 2 In progress | Three recommendations have been implemented to date, two have not yet reached their due date and are in progress and two are overdue. The two overdue recommendations related to a review of resource and budget allocation to EDI work and terms of reference for the ILB Champion. Progress is being made towards implementing the overdue recommendations with regular updates provided to both Internal Audit and EDI Performance Board. |

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| Audit Area | Number In progress | Current Status |
|---|--------------------|---|
| Directorate: Policing, Environment, Place | | |
| Climate Change - Due date not passed | 1 | Report was issued January 2024, and the recommendation has an implementation due date of March 2025 and is in progress. |
| Directorate: Transport Ops & Passenger Exp | | |
| Contract Review- Electricity - Due date not passed | 4 | With the appointment of a new Head of Service, the implementation of these audit recommendations is being followed up and an update will be provided at the next Committee meeting. |
| Physical Security - Due date not passed | 4 | A meeting has been held with the new in post Operational Security Manager to discuss the report findings and implementation of audit recommendations. Work is underway to progress the actions arising from the audit report. |
| Property Services Inv - Due date not passed | 3 | The due date for the implementation of these audit recommendations is March 2025. An update from the Directorate was provided to a previous Committee meeting in person. |
| Security of Assets (Leases) - Revised date agreed | 4 | These recommendations are still in progress, one has now been superseded by a recommendation in the Debt Recovery audit. The other three remain in progress, two are partially complete and one is yet to start, regular updates are provided regarding their status. |
| Contract Review - Building Fabric and Maintenance - Revised date agreed | 1 | One revised date recommendation in relation to re-procurement of the Building Fabric and Maintenance contract, the tender is now closed and the evaluation of the bids has been carried out with a view to making recommendation to senior management on the award. |
| Transport and Property Services- Financial Controls - Revised date agreed | 5 | A formal review to confirm management assertions is in progress to follow up the recommendations contained in the original report. |

Customer Feedback

Since we last reported to Committee, Audit have received the following positive feedback:

| Review name & report issue date | What did we do well? | What could we have done better? |
|--|---|--|
| Disciplinary, Capability and Conduct Policy (October 2024) | Really supportive, took the time to listen and reflected what we said in the report where they could. Were really helpful in supporting developing the management responses. It felt like a critical friend process designed to support improvement as opposed to a process being 'done' to us or trying to catch us out. | The only slight area, score 2 on question 2, is, in some respects, the team perhaps didn't appreciate that with HR issues it is not always black and white and not all meetings are agenda and minutes led – some sensitive issues are just not , and it's the intelligence sharing that can be really critical and help de-escalate things. |

6. Performance Measures

The following provides some general performance indicator information to support the Committee in assessing the performance of Internal Audit.

| Measure | Annual Target | Jun | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | YTD |
|--|---|------|------|------|------|------|------|-----|-----|-----|-----|-----|-----|------|
| Annual Governance Statement deadline 2023/24 - to include annual audit opinion achieved | July (draft) March (final) | | Met | | | | | | | | | | | Met |
| Compliance against Public Sector Internal Audit Standards - self assessment against the Local Govt checklist achieved | July (draft) March (final) | | Met | | | | | | | | | | | Met |
| Customer Satisfaction (including question around EDI approach) | 80% good or above | 100% | NA | 100% | NA | 100% | NA | | | | | | | 100% |
| Reports issued within 10 working days from completion of audit work | 95% | 100% | NA | 100% | 33% | 0% | NA | | | | | | | 50% |
| Percentage completed reviews against agreed plan, quarterly targets | Q2=10%, Q3=40%, Q4=70%, Q1=90% | 3% | 3% | 5% | 14% | 14% | 16% | | | | | | | 16% |
| Percentage of recommendations agreed (to date) | 90% | 100% | NA | 100% | 100% | 100% | NA | | | | | | | 100% |
| Fraud/ Whistleblowing acknowledgement, where appropriate, within 10 working days | 100% | NA | 100% | 100% | NA | NA | NA | | | | | | | 100% |
| Fraud/ Whistleblowing reports to be issued within 10 working days of investigation completion | 95% | NA | NA | NA | NA | NA | 40% | | | | | | | 40% |
| Grant certifications (where all relevant information has been supplied) to be completed within the agreed deadline. Sign off to meet any stipulations of the grant funder. | 95% | 100% | NA | NA | 100% | 100% | 100% | | | | | | | 100% |