

**REPORT TO: WEST OF ENGLAND MAYORAL COMBINED
AUTHORITY AUDIT COMMITTEE**

DATE: 11th DECEMBER 2023

REPORT TITLE: INTERNAL AUDIT UPDATE

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1.0 Purpose of Report

1.1 To Update the Committee on Internal Audit work in 2023/24.

Recommendation

- The Committee are invited to note the areas under review and progress against the Internal Audit Plan 2023/24 as at 17th November 2023.

2.0 Background / Issues for Consideration

2.1 The Committee approved the Annual Audit Plan at its meeting on 2nd March 2023.

2.2 Management requested that the majority of planned internal audit work commence in Q3 and Q4.

2.3 During Q1 and Q2, our focus was Grant Certification and Audit Report 'follow-up' work.

2.4 One piece of unplanned work was undertaken and completed during quarters 2 and 3.

2.5 The table in section 2.5 summarise the status of work as either Complete, Work in Progress (WIP) or Scheduled. Most of the Audit work is WIP, leaving 4 audits which will be scheduled between December 2023 and January 2024.

2.6 Summary of Audit Work and Status – 2023/24

Planned Work (As recorded in the approved Internal Audit Plan)

Internal Audit Ref	Area Under Review	Status
Audits		
22-010W	User ID & Authentication	Complete – Reasonable.
22-002W	Project Management - DDRT	Draft report awaiting management comments.
23-001W	CRSTS Programme Management	Scheduled for Q3/Q4
23-002W	CRSTS Risk Management	Scheduled for Q3/Q4
23-003W	Project Management Quality Assurance Framework	Scheduled for Q4
23-004W	Health & Safety and Wellbeing – Contractor Monitoring	WIP
23-005W	Health & Safety and Wellbeing - Corporate	WIP
23-006W	Cyber Security – Malware & Ransomware	WIP
23-007W	Corporate Risk Management	WIP
23-008W	Retrofit Accelerator Project	WIP
23-009W	Treasury Management	Scheduled for Q4
23-010W	Income & Bank Reconciliation	WIP
23-012W	Counter Fraud & Corruption	WIP

Grant Certification		
23-013W	Growth Hub Enterprise	Complete
23-014W	Dft Bus Subsidy	Complete
23-015W	Transforming Cities Fund	Complete
23-016W	Energy Hub - Sustainable Warmth	Complete

Audit Report 'Follow-Ups'		
22-001W	CRSTS In Year Financial Management	Complete
22-009W	Payroll	Complete
22-011W	Counter Fraud – Declaration of Interest	Complete
21-011W	Concessionary Travel	Complete

Unplanned Work

23-101W	BSIP – Birthday Bus Fact Finding Review	Complete
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2.7 Internal Audit Work - Audit Report 'Follow-Ups'

The 'Follow-Up' process requires management to provide their feedback on implementation of recommendations. If the recommendation is linked to a 'High' risk weakness, then the Auditor carrying out the 'Follow-Up' work will seek evidence of implementation.

It is pleasing to note that 100% of agreed recommendations for the four audit reports subject to 'Follow-Up' have been implemented.

2.8 Internal Audit Work – Grant Certification - Review of Compliance with Funding Grant Terms & Conditions

The Combined Authority receives central government grant funding and each grant has terms and conditions that the Combined Authority has to comply with and that includes obtaining an independent auditor / accountant review of funding claims submitted and

an examination of a sample of grant claim items to verify that the expenditure is eligible.

Internal Audit has liaised with the Director of Investment & Corporate Services and the Head of Finance to ensure that grant certification work is programmed / planned and completed by the specified deadlines recorded in the Funding Body Grant Offer Letter.

Internal Audit has carried out four grant certifications to date:

Funding Description	Funding Body	Grant Offer Letter Date	Funding Claimed (£) 2022/23	Date Grant Auditors Letter Required	Date Grant Auditors Letter Despatched
Growth Hub Enterprise, Inward Investment & Trade (23-013W)	Department for Business, Energy, and Industrial Strategy (BEIS)	13/07/2022	350,000	31/05/2023	22/05/2023
DfT Bus Subsidy, Capital Delivery (23-014W)	Department for Transport (DfT)	15/07/2022	1,147,621	30/09/2023	03/10/2023
Transforming Cities Fund, Capital Delivery (23-015W)	Department for Transport (DfT)	27/03/2018	80,000,000	"To be received no later than four months after the physical completion of the relevant scheme(s)" Circa 01/08/2023	04/08/2023
Energy Hub - Sust Warmth (23-016W)	Department for Business, Energy, and Industrial Strategy (BEIS)	21/02/2022	232,733	30/11/2023	15/11/2023

Based on the work carried out by Internal Audit, it is our opinion that the claims for grant payments above met the conditions of the Grant Offer Letters and this was recorded in the letters sent to the relevant funding body.

2.9 Internal Audit Work – *'Unplanned Work'*

During quarter 2 Management requested a bespoke fact-finding review into a specific element of expenditure connected to BSIP and the launch of the Birthday Bus initiative. The resultant fact-finding report will not be published because it contains personal data and was conducted under an expectation of confidentiality to enable full and frank engagement with the same. However, the broader outcomes of this review for organisational governance and internal control purposes were reported to the extraordinary meeting of the WECA Committee on the 1st December, following further assessment and work by the Interim Monitoring Officer and Section 73 Officer. We will be following up implementation of recommendations in quarter 1 of 2024/25.

Consultation

- 3 Report and work undertaken is consulted and discussed with the Director of Resources as part of ongoing audit engagement.

Other Options Considered

- 4 Not applicable

Risk Management/Assessment

- 5 The Internal Audit Plan is drawn up on a risk basis, using the Reasonable Assurance Model. If Internal Audit work is not carried out in line with the Plan then it will be difficult for the Head of Audit and Assurance to provide an annual opinion on the Combined Authority's internal control framework.

Public Sector Equality Duties

- 6 Embedded within the audit process is consideration of compliance with statutory guidance and regulations which includes those relating to equality and diversity.

Finance Implications, including economic impact assessment where appropriate:

- 7 No direct implications – Cost of service within existing budgets.

Legal Implications:

- 8 No direct implications

Climate Change Implications

- 9 No direct implications. However, Climate Change has been considered as a key risk for the Authority which has been identified during the Internal Audit Reasonable Assurance Model process resulting in an audit being included in the 2022-23 Annual Internal Audit Plan.

Land/property Implications

- 10 No direct implications.

Human Resources Implications:

- 11 No direct implications.

Appendices:

None

Background papers:

Audit Committee Report - Internal Audit Plan 2023/24 2nd March 2023

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 70 Redcliff Street, Bristol BS1 6AL; email: democratic.services@westofengland-ca.gov.uk