



**West Midlands
Combined Authority**

Audit, Risk & Assurance Committee

Date	21 September 2018
Report title	Internal Audit Update
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Report to be/has been considered by	Not applicable

Recommendation(s) for action or decision:

The Audit, Risk and Assurance Committee is recommended to:

- (1) Note the contents of the latest Internal Audit Update Report.

1.0 Purpose

1.1 The purpose of this report is to present the Committee with an update on the work completed by internal audit so far, this financial year.

2.0 Background

2.1 In accordance with the agreed work programme for internal audit, the reports provide an independent and objective opinion on the Combined Authority's effectiveness in managing their risk management, governance and control environment.

2.2 The reports will also feed into the Annual Internal Audit Report that will be prepared at the end of the financial year. The Annual Report will provide an overall audit opinion on the adequacy and effectiveness of the governance, risk management and internal control processes, based upon the outcome of the reviews completed during the year. This opinion can then be used to feed into the Combined Authority's Annual Governance Statement that accompanies the Annual Statement of Accounts.

3.0 Wider WMCA Implications

3.1 There are no implications

4.0 Financial implications

4.1 There are no implications

5.0 Legal implications

5.1 There are no implications

6.0 Equalities implications

6.1 There are no implications

7.0 Other implications

7.1 Not applicable

8.0 Schedule of background papers

8.1 None

9.0 Appendices



Internal Audit Update Report Quarter 2 2018-2019

Delivered by City of Wolverhampton Council – Audit Services

1 *Introduction*

The purpose of this report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2018 - 2019 internal audit plan.

The Audit, Risk and Assurance Committee has a responsibility to review the effectiveness of the system of internal controls and to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into and inform our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

2 *Summary of progress*

The following reviews from the Internal Audit Plan are underway:

- Health and Safety (draft report issued)
- Asset Management (draft report issued)
- Business Continuity (fieldwork in progress)

The remaining reviews from the Internal Audit Plan for 2018 - 2019 are as follows:

- Human Resource Planning, Capacity and Capability Strategy (to be confirmed with newly appointed Head of Organisational Development)
- Devolution Deal Objectives and Financial Assumptions (postponed – update to be received in October regarding commencement)
- Business Planning (postponed – update to be received in October regarding commencement)
- Budget Management Role and Responsibilities (scheduled for quarter 3)
- Joint Data Team Initiative (scheduled for quarter 3)

- Key Financial Systems (scheduled for October 2018)
 - Payroll
 - Accounts Payable
 - Accounts Receivable
 - General Ledger
 - Budgetary Control
 - Treasury Management
- Birmingham Eastside Extension Project (scheduled for quarter 3)
- Governance Arrangements (scheduled for quarter 3)
- Midland Metro Operational Transfer (scheduled for quarter 4)

Follow up of previous recommendations

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit, Risk and Assurance Committee.

We are currently following up the 2017-2018 Transport for West Midlands Capital Programme Prioritisation audit.

The following 2017-18 audits will be followed up later in the year:

- Programme Management Office Project Appraisal and Support Functions
- Investment Programme – Governance Arrangements for Project Appraisal and Approval
- WMCA Key Financial Systems (to be followed up as part of 2018-2019 Key Financial Systems audits)
- IR35
- National Fraud Initiative
- Establishment of the Mayoral Office
- Data Security Arrangements (including GDPR readiness)