



Audit, Risk and Assurance Committee Meeting

Date	18 January 2022
Report title	Internal Audit Update – January 2022
Accountable Chief Executive	Laura Shoaf, Chief Executive
Accountable Employee	Satish Mistry, Interim Director, Law and Governance
Report has been considered by	N/A

Recommendation(s) for action or decision:

The Audit, Risk and Assurance Committee is recommended to:

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

- 9.1 None

This report is PUBLIC [NOT PROTECTIVELY MARKED]



West Midlands Combined Authority

**Internal Audit Update Report – January 2022
2021-2022**

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 2021 - 2022 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:

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

2 Summary of progress:

The following internal audit reviews have been completed or are currently underway.

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
2020-2021 Internal Audit Reviews previously reported (will feed into the 2021-2022 opinion)			
Commonwealth Games Transport Plan – TfWM Governance and Management Arrangements	High	Final Issued - Substantial	June 2021
Risk Management	High	Final Issued - Satisfactory	June 2021
Digital Retraining Fund	High	Final Issued - Satisfactory	June 2021
Adult Education Budget	High	Final Issued - Satisfactory	September 2021

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
2021-2022 Internal Audit Reviews previously reported			
General Data Protection Regulations	High	Final Issued – Satisfactory	September 2021
Corporate Complaints Process (appended)	High	Final Issued – Satisfactory	November 2021
Freedom of Information	High	Final Issued - Substantial	November 2021
2021-2022 Internal Audit Reviews completed			
Single Commissioning Framework - Land Fund	High	Final Issued - Substantial	January 2022
TfWM COVID 19 Response – Management and Decision-Making Arrangements	High	Final issued - Substantial	January 2022
WMCA Key Financial Systems	High	Draft reports issued (Substantial / Satisfactory)	April 2022
2021-2022 Internal Audit Reviews in progress			
Dudley Interchange	Medium	Fieldwork in progress	April 2022
Longbridge Park and Ride Income Management and Charging Arrangements	Medium	Fieldwork in progress	April 2022
WM2041 Delivery Programme (Environmental Recovery)	High	Schedule for January 2022	April 2022
Investment Programme Monitoring and Evaluation Arrangements	High	Scheduled for February 2022	June 2022
Inclusive Growth Investment Toolkit	High	Scheduled for February 2022	June 2022
ICT Strategy	High	Scheduled for March 2022	June 2022
Affordable Housing Delivery Vehicle	High	Planning commenced, scheduled for March 2022	June 2022
Adult Education Budget – Community Learning Fund Procurement	High	Deferred to May 2022 (pending completion of procurement exercise)	September 2022

Summary

Single Commissioning Framework - Land Fund

The Single Commissioning Framework (SCF) was introduced in April 2019 to provide a consistent end to end process for managing projects seeking investment from Devolved Housing and Land Funds. Our review focused on the governance, risk, and management arrangements in operation for the administration of the Land Fund within the SCF and its applications to funded projects. We found no major issues, making two green recommendations as enhancements regarding completion of

project monitoring reports and development of route maps detailing timelines for decisions and processes to be undertaken.

TfWM COVID 19 Response – Management and Decision-Making Arrangements

Our review sought assurance on the effectiveness of the management and decision-making arrangements operated by TfWM as part of the response to the ongoing Pandemic. We are pleased to report an overall assurance opinion of substantial.

Several areas of good practice were identified through clear demonstration of effective arrangements supported by multi agency and organisational engagement within the TfWM led Transport Cell (established within the framework of the Local Resilience Forum consisting of category one and two responders and including representation from TfWM). These arrangements operated in alignment with existing TfWM governance and management arrangements.

The above was further supported by use of timely data and management information, review of risk and mitigating actions and record keeping regarding decisions and actions as well as review of decision outcomes and impacts whilst also seeking feedback from customers and stakeholders to inform ongoing management and decision-making arrangements as the response to and implications of the Pandemic continued.

We made two green recommendations as further enhancements to existing practices for logging decisions and recording presentation of risk registers within governance arrangements.

3 Follow-up of previous recommendations

Through an ongoing cycle of reviews, 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.

As part of a new working arrangement, the WMCA Internal Audit Liaison Officer will be undertaking the initial preparatory work for each follow-up review, obtaining progress updates, and supporting evidence as and when agreed implementation dates arrive. This is in support also of the WMCA management monitoring arrangements of progress with implementation.

Internal Audit upon referral from the Internal Audit Liaison Officer, will then independently review the progress and supporting evidence, and report accordingly on the progress made with implementation of recommendations. Ultimately, Internal Audit will retain the responsibility for determining if sufficient action has been taken.

Follow up action of the following reviews forms part of this ongoing cycle, details of reviews completed or commenced by Internal Audit, or progress monitoring updates collated by the Internal Audit Liaison Officer are provided below.

Auditable area	Overall Opinion	Report Issue Date	Action Date	Agreed Actions			Implementation Progress
				Red	Amber	Green	
Completed (Internal Audit) – previously reported							
Devolution Deal Objectives and Financial Assumptions, including Business Planning	Satisfactory	09/07/19	31/12/19	-	2	-	Follow-up report issued - Action still in progress

Progress Monitoring Update (Internal Audit Liaison Officer)							
Auditable area	Overall Opinion	Report Issue Date	Action Date	Agreed Actions			Number Progressed*

Progress Monitoring Update (Internal Audit Liaison Officer)

Auditable area	Overall Opinion	Report Issue Date	Action Date	Agreed Actions			Number Progressed*
				Red	Amber	Green	
Midland Metro Limited Operational Transfer	Satisfactory	19/08/19	31/12/19	-	2	-	2
West Midlands Rail Limited - WMCA Governance and Management Arrangements	Satisfactory	05/05/20	30/06/20	-	3	-	#Change in responsible officers
Programme and Project Management Framework	Satisfactory	26/05/20	01/09/21	-	3	-	2
WMCA Accessible Transport Services	N/A	06/07/20	31/12/20	-	4	2	#Change in responsible officers
Sprint Programme Management Arrangements	Substantial	30/09/20	31/12/20	-	-	4	4
Third Generation Tram Procurement Project Management	Satisfactory	16/10/20	31/12/20	-	2	3	5
Human Resources Pre-employment checks	N/A	27/11/20	31/12/20	-	2	-	# Change in responsible officers
Environmental Management System	Satisfactory	06/01/21	30/06/21	-	1	1	1
Procurement (Covid-19 Response)	Substantial	24/02/21	Immediate	-	-	1	1
Harvesttime Project Management Arrangements	Substantial	22/03/21	30/06/21	-	-	5	5
Commonwealth Games Transport Plan - TfWM Governance and Management Arrangements	Substantial	09/06/21	28/05/21	-	-	3	3
Risk Management	Satisfactory	10/06/21	21/07/22	-	1	3	3
Digital Retraining Fund	Satisfactory	10/06/21	01/11/21	-	3	1	3
WMCA Devolved Adult Education Budget	Satisfactory	07/09/21	30/09/22	-	3	2	4
General Data Protection Regulations	Satisfactory	16/09/21	31/01/22	-	1	9	3
Corporate Complaints Process (appended)	Satisfactory	12/10/21	01/01/22	-	3	4	1
Freedom of Information	Substantial	19/10/21	30/11/21	-	-	5	4

* Stated number of actions progressed reflects the opinion of the auditee as of 30 November 2021, and where appropriate an independent sense check by Audit will be undertaken in key areas to confirm status of delivery.

Review of action owners and status required due to changes in responsible officers.