



Audit, Risk and Assurance Committee

Date	4 October 2022
Report title	Internal Audit Update – October 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 Combined Authority 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 – October 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 2022 - 2023 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)
2021-2022 Internal Audit Reviews previously reported			
ICT Strategy	High	Final issued - Satisfactory	July 2022
Dudley Interchange	Medium	Final issued - Satisfactory	July 2022
Affordable Housing Delivery Vehicle	High	Final issued - Satisfactory	July 2022
2021-2022 Internal Audit Reviews in progress			
WM2041 Delivery Programme (Environmental Recovery)	High	Draft issued - Satisfactory	November 2022
Investment Programme Monitoring and Evaluation Arrangements	High	Fieldwork in progress	November 2022

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
Inclusive Growth Investment Toolkit	High	Fieldwork in progress	November 2022
2022-2023 Internal Audit Reviews in progress			
External Funding Applications (Bid Management)	High	Fieldwork in progress	November 2022
Organisational change	High	Fieldwork in progress	January 2023
Information Assurance and Cyber security	High	Fieldwork in progress	January 2023
Bromsgrove Rail Station	High	Fieldwork in progress	January 2023
Single Commissioning Framework	High	Planning commenced	January 2023
Adult Education Budget – Provider Performance Management	High	Planning commenced	January 2023
Key Financial Systems	High	Planning commenced	January 2023

3 *Forward plan for 2022-2023 scheduled audits*

Auditable area	AAN Rating	Quarter	ARAC Meeting (indicative)
Business Continuity	High	3	April 2023
Environmental Management System	Medium	3	April 2023
Land and tenant management	Medium	3	April 2023
Adult Education Budget – Procurement (deferred from 2021-2022)	High	4	June 2023
Procurement Exemptions	High	4	June 2023
IR35	High	4	June 2023
Corporate Asset Acquisition and Disposal Framework	High	4	June 2023

4 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.

Progress Monitoring Update (Internal Audit Liaison Officer)							
Auditable area	Overall Opinion	Report Issue Date	Action Date	Agreed Actions			Number Progressed*
				Red	Amber	Green	
Human Resources Pre-employment checks	N/A	27/11/20	31/12/20		2	-	2
Environmental Management System	Satisfactory	06/01/21	30/06/21	-	1	1	2
Digital Retraining Fund	Satisfactory	10/06/21	01/11/21	-	3	1	4
Corporate Complaints Process	Satisfactory	12/10/21	01/01/22		3	4	7
Key Financial Systems	Substantial / Satisfactory	07/03/22	30/06/22	-	5	4	7
Risk Management	Satisfactory	10/06/21	21/07/22	-	1	3	4
Dudley Interchange	Satisfactory	13/05/22	31/07/22	-	3	-	3
ICT Strategy	Satisfactory	29/03/22	31/08/22	-	1	3	3
WMCA Devolved Adult Education Budget	Satisfactory	07/09/21	30/09/22	-	3	2	5
Longbridge Park and Ride Income Management and Charging Arrangements	Limited	30/03/22	30/11/22	1	2	-	1
Affordable Housing Delivery Vehicle	Satisfactory	20/06/22	30/04/23	-	1	-	0

* Stated number of actions progressed reflects the opinion of the auditee as of 31 August 2022, and where appropriate an independent sense check by Audit will be undertaken in key areas to confirm status of delivery