



**LIVERPOOL  
CITY REGION**  
COMBINED AUTHORITY

**METROMAYOR**  
LIVERPOOL CITY REGION

# **INTERNAL AUDIT UPDATE**

**Audit and Governance Committee**

**22 March 2023**

Laura A. Williams MA CPFA

Head of Internal Audit

# Contents

	<b>Page</b>
1. Introduction	2
2. Summary of Internal Audit Plan Delivery	3
3. Core Audit	4
4. Responsive Audit	7
5. Implementation of Recommendations	11
6. Fraud, Bribery and Corruption	15
7. Quality Assurance and Improvement Programme	18
8. Public Sector Internal Audit Standards	20
 <b>Appendices</b>	
A - Internal Audit Plan 2022-23 Status Update	21
B - Internal Audit Organisational Risk Opinions and Recommendation Priority Levels	22

## 1. Introduction

- 1.1 The purpose of this report is to provide a summary of Internal Audit work completed in the fourth quarter of 2022-23, in respect of the Internal Audit Plan 2022-23.
- 1.2 The report is prepared for the Audit and Governance Committee to facilitate the discharge of obligations as defined in its Terms of Reference, to highlight the outcomes of Internal Audit work as a source of assurance on the effectiveness of the organisation's governance, risk, and internal control environment.
- 1.3 Internal Audit is defined by the Public Sector Internal Audit Standards (2017) as: "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".
- 1.4 The mission of Internal Audit is: "to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".
- 1.5 This report includes:
  - A summary of Internal Audit Plan 2022-23 delivery for the period;
  - Details of work undertaken, recommendations made, and key items of note;
  - Update on the implementation of recommendations made previously;
  - A summary of the work undertaken in respect of fraud, bribery, and corruption;
  - An update on internal audit performance with reference to the key performance indicators detailed in the Quality Assurance and Improvement Programme (QAIP); and
  - An update on the service's compliance with the Public Sector Internal Audit Standards (PSIAS).

## 2. Summary of Internal Audit Plan Delivery

### 2.1 Audits Completed

2.1.1 In the period since the last Internal Audit Update, five audits were completed. These are shown in Table 1:

Audit Title	Organisational Risk Opinion	Entity	
		Combined Authority	Merseytravel
Business Continuity Management	Minor	X	
Application Control – Comments Management	Minor	X	
Housing Programmes – Green Homes LAD Phase 2	Moderate	X	
Know Your Customer	Moderate	X	
LEP Governance – Annual Review	Minor	X	

*Table 1*

2.1.2 Appendix A gives a detailed breakdown of the Internal Audit Plan 2022-23, showing the status of each item of audit work that was contained within the Plan approved by the Committee at its meeting on 30 March 2022 and Merseytravel at its meeting on 19 April 2022.

## 3. Core Audit

### 3.1 Background

3.1.1 The “core audit” element of the Internal Audit Plan 2022-23 relates to areas of audit work that are either statutory requirements, requirements of government or are areas of key risk. Coverage of these areas is considered essential to delivering a comprehensive assurance on the effectiveness of internal control, governance, and risk management.

### 3.2 Work Completed

3.2.1 Two audits were completed in the period:

- Business Continuity Management; and
- Application Control – Comments Management.

### 3.3 Organisational Risk Opinion

3.3.1 The audits of Business Continuity Management and Application Control Comments Management both received an organisational risk opinion of “Minor”, which means that a satisfactory level of assurance on the effectiveness of the internal controls reviewed can be derived, and that the risk presented to the organisation by the recommendations made is at a low level.

### 3.4 Work in Progress

3.4.1 The following items of work are in progress:

- Merseytravel:
  - Capital Project - Kingsway Tunnel Drainage Pipework;
  - The Beatles Story - Payroll;
  - Rolling Stock - IPEMU Testing; and

- The Beatles Story - Business Continuity Management.
- Combined Authority (including corporate):
  - Creditors and Cheque Control;
  - Programme / Project Assurance - Delivery Boards;
  - Payroll;
  - Annual Governance Statement Review;
  - Investment Schemes; and
  - LEP - Grant Claims Submission.

### 3.5 Recommendations of Note

3.5.1 The core audits finalised within the period identified two recommendations classed as “high priority”. These are shown in Table 2:

Audit Title	Recommendation	Action Planned by Management
Business Continuity Management	<p>It should be ensured that an up-to-date BIA Schedule, and if required, accompanying BIA Form is available for each service area. These documents should only be saved in one location within OnePlace (or via a SharePoint site), with the same document also saved to Resilience Direct.</p> <p>The BIA Form template should be made available via OnePlace and within the document it should be requested to state by whom and when the form was completed.</p>	The Assistant Director for Customer Delivery will co-ordinate all service areas to review and update Business Continuity Management plans at least once every 6 months and highlight any areas of non-compliance.
Business Continuity Management	A definitive list should be established of service areas for which a BCM Plan is required; liaising with and documenting relevant contact names.	Recommendation has been implemented. Documentation added to corporate intranet

*Table 2*

3.5.2 Improvement in those areas highlighted for attention will be monitored by Internal Audit as part of the follow-up process and reported to the Executive Leadership Team and this Committee.

### **3.6 Delivery Challenges**

3.6.1 Due to a long-term sickness absence in the audit team, the Internal Audit Plan has been reviewed and work has been reallocated across the team on a risk basis. This has contributed to the large amount of work in progress, and the team is working hard to complete this work by the end of the financial year. The following audits have not been commenced and therefore will be deferred to 2023-24 and will be prioritised for delivery in quarter 1:

- Risk Management;
- Financial Sustainability of Contractors; and
- Transport Operators.

## 4. Responsive Audit

### 4.1 Background

4.1.1 The “responsive audit” element of the Internal Audit Plan 2022-23 relates to work to be conducted in response to identified areas of significant risk to the organisation. So as to ensure that Internal Audit work is relevant and risk-based, meaning that this element of the Plan is not prescribed in advance (other than broad themes), but is developed as the result of ongoing consultation and engagement with senior management so as to ensure it adds the value that is required and provides assurance on the key areas of risk.

### 4.2 Work Completed

4.2.1 Two audits were completed in the period:

- Combined Authority (including Corporate):
  - Housing Programmes – Green Homes LAD Phase 2; and
  - Supply Chain - Know Your Customer.

### 4.3 Organisational Risk Opinion

4.3.1 The audits of Housing Programmes – Green Homes LAD Phase 2 and Supply Chain - Know Your Customer each received an organisational risk opinion of “moderate”, and this indicates that the audits identified weaknesses that present a moderate risk to the organisation, and that the risks identified should be considered for inclusion within service risk registers (if these have not already been included). The key risks arising from the audits are as follows:

Housing Programmes - Green Homes LAD Phase 2 - While recognising that regular meetings took place with the Contract Administrator; insufficient detail was provided with invoicing to support the hours worked on the project to establish that the actual amount/type of properties and/or amount/type of works checked was sufficient and compliant with the contract. A quality assurance system had not been established to provide confirmation that the contractor was fulfilling contractual obligations correctly.



Supply Chain - Know Your Customer – Whilst there are some arrangements in place in relevant areas of the Combined Authority to undertake an appropriate level of due diligence on those the organisation does business with to identify any associated risks, there is scope for improvement by setting out required checks and any associated actions clearly in procedure notes, in particular in relation to applicants for investment funding.

#### 4.4 Recommendations of Note

4.4.1 The responsive audits finalised within the period identified three recommendations classed as “high priority”. These are shown in Table 3:

Audit Title	Recommendation	Action Planned by Management
Housing Programmes – Green Homes LAD Phase 2	The contract administrator should on a regular basis provide more documented detail on the work they carry out. For example, on LAD2 Arcus should have been requested to provide a regular report on the properties they visited, the works they inspected and the outcome of the inspection.	The contract administrator has been asked to provide information with their invoices on the work they carry out. This is being done through screen shots of their system on each property visited. A running total of hours is also included in invoices now. In addition, there is a running snag list which is shared so CA can see snags and when resolved. All the work continues to be discussed at a weekly meeting.
Housing Programmes – Green Homes LAD Phase 2	A system of quality assurance of files should be put in place to ensure that property files contain all of the required documentation. This quality assurance check should include a check on the eligibility of the applicant based on the evidence obtained. The CA team should satisfy themselves on a regular basis that property files contain all of the required documentation.	Additional resource from MPD team was secured on 1st February 2023 with the first task of assessing the required documentation to check eligibility of residents. A random selection of 100 properties was examined and a report on the issues found has been completed

Audit Title	Recommendation	Action Planned by Management
		and shared with contractors. A further check will be carried out to ensure that issues identified have been rectified. The extension to the Sustainable Warmth Fund scheme means that this will be required to be done again before the programme closes to continue to improve quality of data.
Supply Chain - Know Your Customer	<p>In order to ensure KYC checks on applicants for investment are completed correctly and in a consistent manner, the Investment Team should set out in a procedure note:</p> <ul style="list-style-type: none"> <li>• when and what checks are required for the different types of organisations that may apply;</li> <li>• what supporting evidence can be accepted, as set out in the outline schedule; and,</li> <li>• what is acceptable as supporting evidence, including who can certify evidence provided.</li> </ul>	A standardised approach to the KYC process will be documented and implemented.

Table 3

## 4.5 Work in Progress

4.5.1 Table 4 below shows the following items of work that are in progress:

Audit Title	Entity	Rationale for Completion	Risk Register Linkages
Governance Arrangements - Modern.Gov Reports	Combined Authority	Considered as part of the Corporate Governance theme. Works considers the administration of committee reports through the Modern.Gov system.	<p><b>Corporate Risk 1: Accountability</b></p> <p>There is risk that the Combined Authority does not develop and maintain sufficient capacity to deliver its obligations and responsibilities.</p>

Audit Title	Entity	Rationale for Completion	Risk Register Linkages
Use of Consultants	Combined Authority	Considered as part of the Programme, Project Contract Management theme. Work considers the procurement and use of consultants to ensure compliance with the Constitution, legislation and relevant guidance.	<b>Corporate Risk 6: Financial Sustainability</b> There is a risk that financial pressures will impact negatively on the financial sustainability of the Combined Authority.
T-Flow and Fast Tag Account Management	Merseytravel	Considered as part of Operations and Systems theme. Work considers the administration of the pre-paid tolls systems to ensure collection of payments are handled in accordance with the organisation's policies and procedures,	<b>Corporate Risk 6: Financial Sustainability</b> There is a risk that financial pressures will impact negatively on the financial sustainability of the Combined Authority.

Table 4

## 4.6 Advice, Guidance and Consultancy

4.6.1 During the period, the service has provided advice and guidance in a number of areas:

- Attending Delivery Boards to advise on audit and risk matters, and to contribute to the Boards' ongoing development;
- Continued involvement in providing advice on major projects, including bus reform, rolling stock; and capital schemes;
- Contributing to the development of new schemes such as the UK Shared Prosperity Fund, by providing input on the role of Internal Audit in this area.
- Providing assistance and advice in respect of Department for Energy Security and Net Zero's review of Counter Fraud measures on the Housing Retrofit Local Authority Delivery and Social Housing Decarbonisation Fund schemes.

## 5. Implementation of Recommendations

### 5.1 Background

- 5.1.1 The implementation of recommendations is subject to ongoing monitoring and where dates of agreed action have passed and confirmation of implementation has not been received, Internal Audit contacts managers to establish progress, confirm actions completed or agree revised implementation dates, if appropriate.
- 5.1.2 Significant work continues to be undertaken with members of the Senior and Executive Leadership Teams to encourage completion of outstanding recommendations, particularly those that are long-standing. This includes attendance at management team meetings and provision of reports detailing recommendations outstanding. This has generated positive engagement and action on progressing the issues, and consequently a number of recommendations have been closed during the period. Work continues with managers to encourage the timely implementation of recommendations, with particular attention being paid to older recommendations.

### 5.2 Combined Authority

- 5.2.1 Table 5 below provides a summary of progress in respect of the implementation of previous recommendations made in respect of Combined Authority specific systems:

Year	Department	Auditable Area	Recommendations							Notes
			High	Medium	Completed	In Progress	Overdue based on original implementation date	More than 2 months overdue	High Overdue	
<b>Corporate Development &amp; Delivery</b>										
2021-22	Organisational Development	Ethics / Standards of Conduct	0	2	0	2	2	2	n/a	Revised implementation dates provided
2021-22	Organisational Development	Learning & Development	2	4	0	6	6	6	2	Revised implementation dates provided
2022-23	HR - Strategy & Systems	Gifts, Hospitality & Declarations of Interest	7	4	10	1	1	0	1	Revised implementation date provided
2021-22	HR - Strategy & Systems	Absence Management	0	7	4	3	3	3	n/a	Revised implementation dates provided
2020-21	HR - Operations	Payroll	0	5	5	1	1	1	n/a	Audit are supporting HR to implement this Rec
2019-20	HR - Strategy & Systems	Procurement Cards	1	5	5	1	1	1	1	Revised implementation date provided
2019-20	HR - Operations	Recruitment and Selection	2	10	8	4	4	4	1	Revised implementation dates provided
2018-19	HR - Strategy & Systems	Travel, Accommodation & Expenses	0	3	2	1	1	1	n/a	Revised implementation date has passed
2021-22	IT - Service Delivery	Backup Management	0	6	0	3	0	0	n/a	
2021-22	IT - Service Delivery	Cyber Security Response	1	3	2	2	0	0	0	
2021-22	IT - Service Delivery	IT - Asset Management	0	7	3	4	0	0	n/a	
2019-20	IT - Service Delivery	IT - Service Continuity	0	11	9	2	2	2	n/a	Revised implementation dates provided
<b>Corporate Services</b>										
2022-23	Accountancy	VAT	1	4	5	0	0	0	0	Revised implementation dates provided
2022-23	Accountancy	Treasury Management	1	2	2	1	1	0	0	Rec partially implemented. One item to be confirmed
2021-22	Accountancy	Creditors	0	3	2	1	0	0	n/a	
2022-23	Freeport	Freeport	1	1	0	2	2	0	0	Awaiting revised implementation dates
2022-23	Legal	Know Your Customer	0	2	1	1	0	0	0	
2022-23	Legal	Use of Personal e-mail Addresses	3	0	0	3	1	0	1	Awaiting revised implementation date
2021-22	Procurement	Procurement	0	7	4	3	3	3	n/a	Revised implementation dates provided
2019-20	Procurement	Commissioning	2	2	1	3	3	3	2	Awaiting revised implementation dates
2019-20	Procurement	Procurement	0	1	0	1	1	1	n/a	Awaiting revised implementation date
2017-18	Procurement	Procurement	0	8	8	1	1	1	n/a	Revised implementation date provided
<b>Investment &amp; Delivery</b>										
2022-23	Programme Delivery	Housing Programmes - Green Homes LAD Phase 2	2	9	0	11	0	0	0	
2022-23	Investment	Know Your Customer	1	2	0	3	0	0	0	
2021-22	ESIF	ESIF - Ways To Work	1	3	0	4	0	0	0	
2021-22	Investment	Future Innovation Fund - Tranche 2	1	3	0	4	0	0	0	
2021-22	Investment	SIF2 Assurance Framework	1	1	1	1	1	1	1	Awaiting revised implementation date
2021-22	Investment	Investment Models	0	3	2	1	1	1	n/a	Revised implementation date provided
2021-22	Programme Delivery	Race Equality	0	7	6	1	1	1	n/a	Revised implementation dates provided
2020-21	PMO	Pre Payment Assurance	0	3	2	1	1	1	n/a	Revised implementation date provided
<b>Place</b>										
2022-23	Customer Delivery	Business Continuity Management	2	3	5	0	0	0	0	
<b>Policy Strategy &amp; Government Relations</b>										
2022-23	Evidence, Research & Intelligence	Application Control - Comments Management	0	3	3	0	0	0	n/a	
2022-23	Evidence, Research & Intelligence	Data Quality	3	1	0	4	1	0	0	Awaiting revised implementation date
2022-23	Policy Co-ordination	Environment, Energy and Net Zero	0	3	1	2	1	0	n/a	Revised implementation date provided
2022-23	Evidence, Research & Intelligence	Monitoring & Evaluation Indicator Framework	5	1	0	6	6	6	5	Revised implementation dates provided
<b>Other</b>										
2022-23	LEP	LEP Governance Annual Review 22-23	0	2	0	2	0	0	n/a	
2021-22	LEP	LEP Governance Annual Review 21-22	1	1	0	2	1	0	1	Awaiting revised implementation date

**Table 5**

- 5.2.2 There are fifteen outstanding recommendations relating to audits prior to 2021-22 and Internal Audit awaits revised dates for four further to discussions with auditees.
- 5.2.3 Two recommendations remain open from reports issued prior to 2019-20 (Travel, Accommodation and Expenses 2018-19 and Procurement 2017-18). Both relate to the need to update organisational policies. It was previously reported that implementation was expected by the end of September 2022 in both cases, but neither of the documents have yet been updated.
- 5.2.4 The importance of setting achievable implementation dates for recommendation dates is emphasised by the internal audit team in their work, but it is equally important that managers focus on meeting the set timescales and do not seek to extend these unnecessarily.

### 5.3 Merseytravel

- 5.3.1 Table 6 below provides a summary of progress in respect of the implementation of previous recommendations made in respect of Merseytravel specific systems:

Year	Department	Auditable Area	Recommendations							Notes
			High	Medium	Completed	In Progress	Overdue based on original implementation date	More than 2 months overdue	High Overdue	
<b>Place</b>										
2021-22	AM - Maintenance Delivery	Health, Safety & Wellbeing	3	6	8	1	1	1	0	Awaiting revised implementation date
2021-22	AM - Maintenance Delivery	Application Control - SCADA Control	0	6	2	4	4	1	n/a	Revised implementation dates provided
2021-22	AM - Technical Services	Seacombe Ferry Landing Stage - Capital Project	3	4	6	1	1	1	0	Revised implementation date provided
2022-23	Bus - Hubs	Anti-Money Laundering	0	2	1	1	0	0	n/a	
2022-23	Bus - Hubs	PCI DSS Compliance	0	3	2	1	1	0	n/a	Awaiting revised implementation date
2022-23	Bus - Bus Development	Bus Reform	2	0	2	0	0	0	0	
2019-20	Bus - Network Performance	Bus Services - Contract Management	0	4	3	1	1	1	n/a	Revised implementation date provided
2022-23	Customer Delivery	Anti-Money Laundering	0	2	2	0	0	0	n/a	
2022-23	Customer Delivery	PCI DSS Compliance	0	3	1	2	0	0	n/a	
2022-23	Customer Delivery	Application Control - Docustore	1	5	4	2	0	0	0	
2019-20	Customer Delivery	Ancillary Income and Debt Recovery	3	2	5	0	0	0	0	
2021-22	Customer Operations (Ferries)	Mersey Ferries - Ticketing and Admissions	2	4	5	1	1	1	0	Awaiting revised implementation dates
2020-21	Police Operations (Tunnels)	CCTV	1	8	9	0	0	0	0	
2022-23	The Beatles Story	Payroll Fraud	4	5	2	7	0	0	0	
2021-22	The Beatles Story	Information Governance	1	10	3	8	8	2	0	Awaiting revised implementation dates

**Table 6**



LIVERPOOL  
CITY REGION  
COMBINED AUTHORITY

METROMAYOR  
LIVERPOOL CITY REGION

5.3.2 There is one outstanding recommendation relating to audits prior to 2021-22 – Bus Services Contract Management (revised implementation date provided). It is imperative that implementation is achieved within the revised timescale.

## 6. Fraud, Bribery and Corruption

### 6.1 CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014)

6.1.1 The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption is the key guidance document for the sector on managing fraud risk.

6.1.2 Table 7 below gives an update on the progress being made to address the action arising from the self-assessment:

Ref	Action	Responsibility	Implementation Due Date	Progress Update
1	All risk owners must assess the fraud risks associated with the service or project they manage and formulate proportionate responses to these risks. This will facilitate the escalation of significant fraud risks where necessary.	Risk Owners	March 2023	The Head of Internal Audit discussed fraud with the leadership teams on a number of occasions during 2021-22 and 2022-23, and this continues as a regular event. Examples include fraud awareness updates delivered to SLT meetings, issue of updates regarding take-up of fraud awareness e-learning, and the inclusion of fraud risks on risk registers for consideration by all Heads of Service/Assistant Directors. Fraud risk awareness sessions were held during November 2022, to coincide with a programme of activities during International Fraud Awareness Week. Work with risk owners continues to encourage the completion of the fraud risks and the Head of Internal Audit continues to raise awareness.

*Table 7*



## 6.2 Proactive Counter Fraud Work

6.2.1 The Internal Audit Plan 2022-23 includes 30 days for proactive counter-fraud work across both Merseytravel and the Combined Authority. It is also of note that key anti-fraud controls are also evaluated as part of a significant number of other audits within the Plan such as Creditors, Payroll and Gifts, Hospitality and Declarations of Interest.

6.2.2 The Plan includes the following areas of focus shown in Table 8:

Audit Title	Days Allocated	Progress
Recruitment and Selection	15	Draft report issued
Rail Operators - Stock Control	15	Draft report issued

*Table 8*

## 6.3 Fraud Risks

6.3.1 Members of the Senior Leadership Team have been reminded to review the fraud risks contained within their Service Risk Registers. This is with the objective of updating of reflecting new and emerging fraud risks, and to ensure that they have acknowledged such risks in their planning and maintenance of internal controls.

## 6.4 National Fraud Initiative (NFI)

6.4.1 The organisation will be participating in the National Fraud Initiative 2022 co-ordinated by the Cabinet Office. Data from the Payroll, Creditors and concessionary travel systems were uploaded to the dedicated Cabinet Office website in October and will be matched with data within and between participating bodies so as to identify potential frauds, overpayments, and errors. The results were received in January and investigation of matches is underway. The results of this work, including any frauds that are detected as a result, will be reported to this Committee once the work is concluded. The results of these matches are also fed into a national report at the end of each cycle.

## **6.5 Reactive Audit Work**

6.5.1 There is also a provision of 58 days in the Plan for reactive work such as the investigation of allegations of fraud or irregularity. The piece of work conducted at The Beatles Story on Payroll was extended to cover the review of a payroll change of bank details fraud perpetrated externally.

## **6.6 Fraud Protocol Framework**

6.6.1 All fraud protocols within the Protocol Framework are up to date, having been approved by the Audit and Governance Committee at its meetings on 30 November 2022 and 25 January 2023.

## 7. Quality Assurance and Improvement Programme

### 7.1 Performance Update

7.1.1 The Public Sector Internal Audit Standards (PSIAS) require that the service maintains a Quality Assurance and Improvement Programme (QAIP) which includes a series of performance measures and associated targets.

7.1.2 Performance measures defined in the QAIP are also included within the Internal Audit Service Plan and are thus reported to senior management in accordance with the corporate quarterly performance reporting process. This provides senior management oversight and scrutiny of performance and of any remedial actions required to meet identified targets.

7.1.3 Table 9 below details the performance measures and the results for the period:

Description and Purpose	Target	Actual	Variance and Explanation
<p><b>Compliance with Public Sector Internal Audit Standards (PSIAS)</b> This measures the extent to which the Internal Audit Service complies with the requirements set out in the Standards and the Local Government Application Note.</p>	100%	100%	<p><b>No variance</b> The result of the external assessment (August 2021) details that the service <b>fully complies</b> with the Public Sector Internal Audit Standards. The annual internal self-assessment has also been completed and this confirms continued compliance (see s8 of this report).</p>
<p><b>Percentage of recommendations implemented within a reasonable timescale</b> This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment and also provides the Committee with a view on how effective management action is in responding to recommendations.</p>	100%	100%	<p><b>No variance</b> There are no concerns in respect of recommendations made in 2021-22 and 2022-23 to date.</p>
<p><b>Percentage of client survey responses indicating a "very good" or "good" opinion</b> This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	100%	100%	<p><b>No variance</b> Feedback positive and response levels have improved noticeably in 2022-23.</p>

Description and Purpose	Target	Actual	Variance and Explanation
<p><b>Percentage of annual senior management survey responses indicating satisfaction with the Internal Audit service provided</b></p> <p>This measures the feedback received from Directors and Heads of Service on the service provided and seeks to provide assurance that Internal Audit is adding value at a strategic level.</p>	100%	N/A	<p><b>Not applicable</b></p> <p>The annual survey is undertaken at the end of Q4, and is due to be sent to Executive Directors, Assistant Directors and Heads of Service on 31 March 2023.</p>

*Table 9*

## 7.2 Resources

- 7.2.1 The service has one vacancy which it is hoping to fill in time for quarter 1 of 2023-24. This is being advertised as a trainee post in order to assist with addressing the issues with Internal Audit recruitment identified in the CIPFA “Internal Audit – Untapped Potential” report that was highlighted to the Committee at its meeting in July 2022.
- 7.2.2 At the time of writing, the service has lost 40 days in quarter 4 to sickness, due to the absence of one member of staff. This has meant that the Plan has had to be readjusted, so as to ensure coverage of the Plan to be able to provide an annual opinion.

## 8. Public Sector Internal Audit Standards (PSIAS)

### 8.1 External Assessment

8.1.1 It is a requirement of the PSIAS that the service must be subject to an external assessment of its compliance with the Standards every five years. The service was subject to such an external assessment (peer review validation of self-assessment) against the requirements of the Public Sector Internal Audit Standards (PSIAS) in August 2021.

8.1.2 The outcome of this assessment was that the service **fully conforms** to the Public Sector Internal Audit Standards, and it was reported to the September 2022 meeting of this Committee that implementation of the recommendations is completed.

### 8.2 Internal Self-Assessment

8.2.1 In accordance with the Standards, an annual self-assessment must be completed to assess the compliance of the service with the Standards, so as to assess the impact of any changes to working practices, or indeed any changes to the Standards themselves.

8.2.2 The Standards have not changed since the external assessment was carried out in August 2021 (although a review of the Standards is underway, and a consultation will commence shortly). The self-assessment has been updated however, to reflect the revised arrangements arising from the recent removal of the Audit, Risk and Governance Board from Merseytravel.

8.2.3 The results of the self- assessment were that the service is assessed as continuing to be compliant with the Standards.

## Appendix A: Internal Audit Plan 2022-23 Status Update

Auditable Area	Entity		Organisational Risk Opinion	Status
	LCRCA	Merseytravel		
<b>CORE</b>				
IT Application Control - Docustore		Y	Minor	Completed
IT Application Control - In-Form	Y		Minor	Completed
IT Application Control - Comments Management	Y		Minor	Completed
Business Continuity Management	Y			Completed
Staffing & Capacity	Y			Considered in CRSTS Audit
Payroll	Y			Commenced
Key Financial Systems - VAT	Y		Minor	Completed
Key Financial Systems - Treasury Management	Y		Minor	Completed
Key Financial Systems - Creditors	Y			Commenced
Annual Governance Review	Y			Commenced
Risk Management	Y			Deferred to 2023/24
Environment, Energy and Net Zero	Y		Minor	Completed
Procurement	Y		n/a	Considered in audits where applicable
Data Quality	Y		Moderate	Completed
Programme / Project Assurance - Delivery Boards	Y			Draft Report Issued
Financial Sustainability	Y			Deferred to 2023/24
City Region Sustainable Transport Settlement	Y		Negligible	Completed
Investment Schemes / Assurance Frameworks	Y			Commenced
Capital Schemes - Kingsway Tunnel Drainage Pipework		Y		Draft Report Issued
Rolling Stock		Y		Commenced
Transport Operators		Y		Deferred to 2023/24
IT 3 <sup>rd</sup> Party DR Solutions	Y			Commenced
IT Hybrid Working	Y			Commenced
IT Network Resilience	Y			Commenced
<b>RESPONSIVE</b>				
Bus Reform		Y	Moderate	Completed
Corporate Governance - Gifts, Hospitality & Declarations of Interest	Y		Moderate	Completed
Grant Assurance	Y		n/a	Ongoing
Programme / Project / Contract Management - Freeport	Y		Moderate	Completed
Supply Chain Management - Know Your Customer	Y			Completed
Monitoring & Evaluation Indicator Framework	Y		n/a	Completed
PCI DSS Compliance		Y	Minor	Completed
Money Laundering		Y	Moderate	Completed
Housing Programmes - Green Homes LAD Phase 2	Y		Moderate	Completed
Adult Education Budget	Y		Minor	Completed
Use of Personal e-mails	Y		Moderate	Completed
Governance Arrangements - Modern.Gov Reports	Y			Commenced
Use of Consultants	Y			Commenced
<b>COUNTER FRAUD</b>				
Recruitment and Selection	Y			Draft Report Issued
Rail Operators - Stock Control		Y		Draft Report Issued
Fast Tag / T Flow Account Management		Y		Draft Report issued
<b>LEP</b>				
LEP - Governance Annual Review	Y			Completed
LEP - Grant Claim Submission	Y			Commenced
<b>BEATLES STORY</b>				
Beatles Story - Payroll		Y		Commenced
Beatles Story - Business Continuity Management		Y		Commenced

## Appendix B: Organisational Risk Opinions and Recommendation Priority Levels

Organisational Risk Opinions	Recommendation Priority Levels
<p><b>Major</b> The risks identified in the review could, if they materialised, have a major impact on the organisation as a whole.</p>	<p><b>High</b> The recommendation is essential to the management of risk within the area under review.</p>
<p><b>Moderate</b> The risks identified in the review could, if they materialised, have a moderate impact on the organisation as a whole.</p>	<p><b>Medium</b> The recommendation is important to the management of risk within the area under review.</p>
<p><b>Minor</b> The risks identified in the review could, if they materialised, have a minor impact on the organisation as a whole.</p>	<p><b>Advisory</b> The recommendation is a suggestion intended to enhance the existing management of risk within the area under review.</p>
<p><b>Negligible</b> No risks were identified within the review.</p>	