



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 6

Internal Audit Report – Subsidiary Company Governance

To:	Audit and Governance Committee
Meeting Date:	30 September 2022
From:	Jon Alsop, Head of Finance and S73 Officer
Key decision:	Not a key decision
Forward Plan ref:	n/a
Recommendations:	<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none">a) Receive and note the RSM internal audit report on Subsidiary Company Governance.b) Note the proposed management actions and timescales to address the identified weaknesses as set out in the report.
Voting arrangements: Note only item, no vote required.	

1. Purpose

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
- a) Receive and note the RSM internal audit report on Subsidiary Company Governance.
 - b) Note the proposed management actions and timescales to address the identified weaknesses as set out in the report.

2. Background

- 2.1. RSM presented the risk-based Internal Audit Plan for 2021/22 to the Audit and Governance Committee in April 2021, this included the planned review of 'Subsidiary Company Governance' which related to RSM's identified corporate risk of a 'lack of structural resilience/Insufficient internal resources'. See link to the plan under section 7.
- 2.2. The objective of the audit review was to assess whether appropriate governance arrangements are in place to monitor, manage and support CPCA's subsidiary companies, including the reporting and escalation of matters to the CPCA for oversight and scrutiny.
- 2.3. The overall review conclusion is that the Combined Authority can take only minimal assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective.
- 2.4. The full audit report is provided at appendix 2.
- 2.5. The report identified a number of weaknesses which resulted in two high and three medium priority management actions.
- 2.6. These actions included:
- i. Ensuring Shareholders Agreements are signed and kept in a readily accessible central location. (Medium)
 - ii. A Programme Management Committee will be established for the Business Growth Company, which will meet monthly to support the work of the company Board, as required by the Shareholder Agreement. (Medium)
 - iii. CPCA will ensure that business plans are in place for each of its subsidiary companies and ensure that these business plans (and business cases where relevant) are being reviewed and updated periodically, in line with each company's Shareholder Agreement. (High)
 - iv. CPCA will ensure that risk registers are in place for all current and future operational subsidiary companies and will establish a standard approach to risk management. (Medium)
 - v. CPCA will establish a clear governance, reporting and oversight structure for its existing subsidiary companies. As part of this structure, the methods by which the Overview and Scrutiny Committee and the Audit and Governance Committee will fulfil their responsibilities in relation to these subsidiary companies will be established and implemented. (High)

- 2.7. Officers have reviewed and accepted the recommended management actions. A summary of the actions, responsible owners and target dates for implementation is provided at appendix 1.
- 2.8. A paper will be brought to the next Committee meeting providing an update on progress being made against the agreed actions.

3. Financial Implications

- 3.1. Internal audit fees are within those agreed as part of the internal audit service contract.

4. Legal Implications

- 4.1. No legal implications have been identified.

5. Other Significant Implications

- 5.1. No other significant implications have been identified.

6. Appendices

Appendix 1 – Summary of Management Actions

Appendix 2 – RSM Final Report – Subsidiary Company Governance

Appendix 3 – Analysis of Subsidiary Companies' Shareholder Agreements (per management action 1)

7. Background Papers

[Internal Audit Plan A&GC April 2021](#)