



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

Date: Friday, 08 March 2024

Democratic Services

Edwina Adefehinti
Chief Officer Legal and Governance
Monitoring Officer

10:00 AM

2nd floor, Pathfinder House
St Mary's Street
Huntingdon
Cambs
PE29 3TN72

**Civic Suite, Pathfinder House, St Mary's Street, Huntingdon
PE29 3TN
[Venue Address]**

AGENDA

Open to Public and Press

1 Apologies for Absence & Declaration of Interests

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests.

2 Chair Announcements

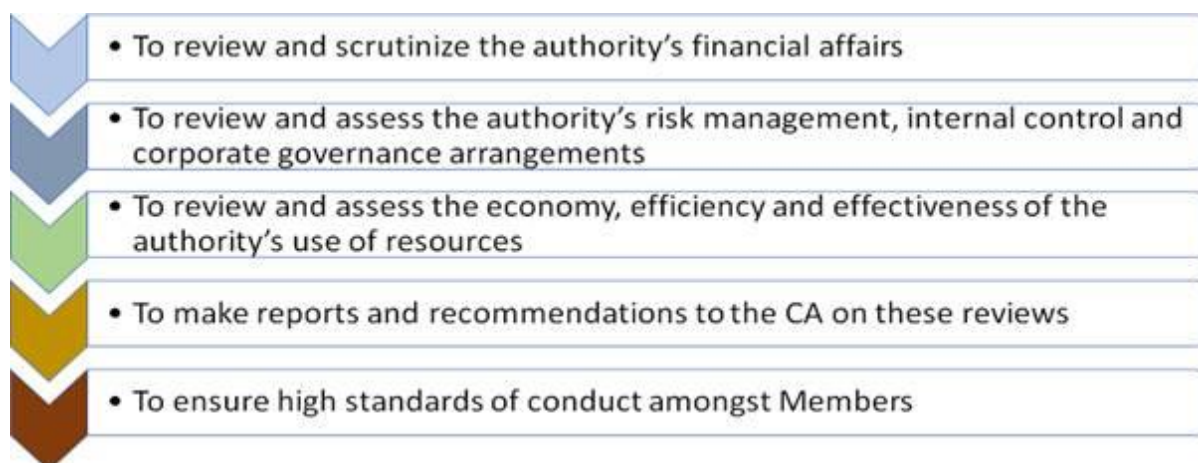
3 Minutes of the Previous Meeting

4	External Audit	
	a) Auditor's Annual Report	11 - 30
	b) External Audit Consultation Update - To Follow	
5	Improvement Framework report	31 - 46
6	Corporate Risk Register - To Follow	
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10	Code of conduct Constitutional review	86 - 92
11	Shareholder Report	93 - 95
12	A&G Draft Annual Report - Cover Report	96 - 126
13	Audit and Governance Work Programme	127 - 133
14	Date of next meeting:	
	Thursday 20th June at 10am at CPCA Meeting Room, Pathfinder House, Huntingdonshire District Council	

The Audit and Governance Committee comprises the following members:

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

The Audit and Governance Committee Role.



The Combined Authority is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens.

John Pye

Cllr Gary Christy

Councillor Andy Coles

Councillor Stephen Corney

Cllr Geoff Harvey

Cllr Mark Inskip

Cllr Simon Smith

Councillor Graham Wilson

Clerk Name:	Anne Gardiner
Clerk Telephone:	
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Audit & Governance Committee

Friday 26 January 2024

Venue:	Civic Suite, Pathfinder House, Huntingdon PE29 3TN	
Time:	10.00 to 12.32	
Present:	Cllr C Christy Cllr A Coles Cllr S Corney Cllr G Harvey Cllr S Smith Cllr A Whelan Cllr Mark Inskip Mr John Pye	Fenland District Council Peterborough City Council Huntingdonshire District Council South Cambs District Council Cambridge City Council East Cambs District Council Cambridgeshire County Council Independent Person and Chair
Officers in attendance	Rob Bridge Nick Bell Rob Emery Angela Probert Chris Bolton Edwina Adefehinti Nathan Bunting Ian Pantling Nick Fanning Jacob McHugh Janet Dawson Susan Hall	Chief Executive Officer Executive Director for Resources & Performance Assistant Director Finance Interim Programme Director – Transformation Head of Programme Management Office Interim Head of Legal, Governance & Monitoring Officer Project Manager Senior Technical Accountant Internal Auditor (RSM) External Auditor (EY) External Auditor (EY) Data Protection Officer

Minutes:

1	Apologies for Absence and Declarations of Interest
1.1	Apologies were received from Cllr Wilson substituted by Cllr Whelan.
1.2	No disclosable interests were declared.
2	Chair's Announcements
2.1	The recruitment timetable for the Independent Person was progressing with the aim that the advert should go out mid-February with the closing date mid-march. Shortlisting latest end of March, recruitment by end of April at the latest, ready for the first AGM in May.
2.2	The Chair had met with Elise Wilson, a member of the independent improvement board, to gain a perception of how things were going with the improvement journey and could report back positive feedback.
3	Minutes
3.1	The minutes of the meeting held on 17 th November 2023 were approved as a correct record.
3.2	The action log was noted.
4	Improvement Framework Report

4.1	The Committee received the report which provided the Audit and Governance Committee with an opportunity to review progress over November and December against the key areas of concern identified by the External Auditor in his letter dated June 2022 and February 2023, and the Department for Levelling up, Housing and Communities (DLUHC) in its letter dated January 2023.
4.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • In response to a question about the embedding of the partnership working officers advised that they would seek feedback from partners but that how well the workstream was doing and this would also be tested through the delivery of key projects and the ability to access funding. There would be a number of indicators which would demonstrate the impact getting the partnership working embedded. • The CEO advised that Board members and senior officers were doing a lot of work on creating a common ambition for the Combined Authority area and devolution opportunities based on the new framework published in the Autumn Statement – this would be developed over the coming months. The Independent Improvement Board would meet with the CA Board to discuss progress in this area. • In response to a question about procurement training for all staff officers advised that following the review of procurement the CA was ensuring that all staff had basic training in procurement and those more directly involved were receiving more detailed training. • Where specialist skills were required for projects the CA planned to look to resources that could be shared across the organisation and with colleagues from constituent councils – this would especially help in areas of the market where it was difficult to get good quality staff. Apprenticeships would also be utilised and current staff trained up to encourage new talent came through the organisation. • In response to a question about the values and behaviours introduced at the CA and how these were being used; officers advised that the values now played a key part in all staff appraisals and recruitment processes to ensure that any candidates values aligned with that of the CA. • In response to a question about mid-year staff reviews officers advised that all mid-year appraisals had taken place but some final paperwork was waiting to be signed off and therefore the figure was higher than that reflected in the report. • The CEO advised that more mature and progressive Mayoral CA's operated in such a way that difficult conversations took place out of the public eye; while it was appropriate that the Mayor should be challenged and politics would sometimes come through as it was a democratic organisation; providing a safe place to provide the Board time to develop their common purpose was important. • In response to a comment about the role of the scrutiny committee the officers advised that the Overview and Scrutiny Committee had agreed to change the way it operated, including the appointment of rapporteurs and utilising the forward plan more effectively to identify areas for deep dives. The work done by the Overview and Scrutiny Committee had been recognised by the Centre for Governance and Scrutiny and was now seen as leading by example in this area. • In response to a question about the recruitment of permanent staff and the high turnover of agency staff the CEO advised that the CA was now receiving much higher numbers of applicants for roles than they had seen previously. Helpful interim staff were taken on to help the CA on its journey and permanent staffing would create the stability required. • The Chair stated that the Committee welcomed the progress and would be pleased to

	see more work done with the CA Board and requested that further thought on the culture of the CA Board be included in the next update.
4.3	<p>RESOLVED</p> <ul style="list-style-type: none"> a) Note the progress made over November and December against stated areas of improvement identified by the External Auditor in June 2022 and Best Value Notice received in January 2023 as reported to the CA Board on 31 May 2023, set out in paragraphs 2.2 to 2.7. b) Note the proposed transition from the current Improvement plan to continuous improvement activity embedded across and down through the Cambridgeshire and Peterborough Combined Authority set out in paragraph 2.8. c) Note the intention to review the current remit and focus for the Independent Improvement Board following the delivery of stated areas of improvement identified by the External Auditor and the Best Value Notice set out in paragraph 2.9. d) Note the outcome of the recent Internal Audit review of the 'Project planning and delivery' improvement programme set out in paragraph 2.10
4.4	<p>ACTION</p> <ul style="list-style-type: none"> 1) Further detail on the progress of the culture of the CA Board be included in the next update.
5	Corporate Risk Register
5.1	The Committee received the report which provided a progress update on the refreshed risk register, risk dashboard and heat map and provided an update on the progress of the Risk Software implementation at a service level.
5.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • Members queried the lack of movement of the risks and were advised that these had been checked with the risk owners; some were waiting on decisions to be taken and more movement was expected in the next month. • Officers advised that risks were discussed at CMT level and project manager level on a monthly basis. Risks were monitored with a bottom up approach together with CMT doing horizon scanning for future risks – this approach helped with identifying emerging risks. • Officers advised that the CA had received a positive assessment of the measures used and progress had been made on compliance. It was important that risk was an integral part of each project undertaken by CA and this was part of the culture being embedded. • The strategic risk register would drive the internal audit review and plan going forward and as a result the Committee should see more internal audits coming back with a reasonable assurance as these risks would be identified at an earlier stage and mitigations put in place. • The Committee commented that reputation did not currently appear as a risk and officers agreed that this was a good challenge for CMT to consider as although reputation was implicit in many areas it would probably help to make it more explicit. • The Committee requested that further deep dives of risks on the register be provided to help provide more context.
5.3	<p>RESOLVED</p> <ul style="list-style-type: none"> a) To note the refreshed Corporate Risk December 2023 register report, risk dashboard and heat map

	b) To note the update on progress of the Risk Software implementation at a service level c) To note Monthly Corporate Management Team Risk register reviews
5.4	<p>ACTION</p> <p>1) A list of deep dives for the Committee to consider going forward to be brought to the next Committee meeting.</p>
6	Internal Audit Tracker
6.1	The Committee received the report which provided an update on the progress on the implementation of internal audit actions.
6.2	<p>The following points were raised during discussion:-</p> <ul style="list-style-type: none"> • Officers agreed to provide more detail in the commentary going forward. • In response to a question about the subsidiary companies and the oversight the CA had over these officers advised that the number of companies was being reduced and going forward companies would only be set up where there was no other way to manage projects. There was also the new Shareholder Board which would soon become the Investment Committee which would consider key investments under the Single Assurance Framework and help to provide the oversight required. • In response to a question about whether delays were due to deadlines not being realistic; officers advised that this was the case for some of the audits undertaken but for others there were external factors that played a part such as delays to the audit of accounts and work being done on the MTFP.
6.3	<p>RESOLVED:-</p> <p>a) To note progress on the implementation of internal audit actions b) To review the internal audit tracker on an annual basis and have this added to the work programme going forward.</p>
6.4	<p>ACTION</p> <p>1) Internal Audit Tracker to be added to the work programme for an annual report in January going forward.</p>
7	External Audit Draft Audit Results & Value for Money Opinion
7.1	The Committee received the report which provided the External Auditors Audit Results Report summarising the status of the audit and expressed an opinion on the 2021/22 financial statements.
7.2	<p>The External Auditors advised that they were aiming to have the accounts completed for the March A&G Committee meeting.</p> <p>The 22/23 accounts would focus on the work that was carried out following the issue of the best value notice and whether sufficient attention was being paid to weaknesses – this would then lead into the work for the 23/24 accounts.</p> <p>The Chair advised he was happy to have an informal chat with the External Auditors if that would be helpful for the process.</p>
7.3	<p>RESOLVED:-</p> <p>a) To note the report.</p>

8	Statement of Accounts & Annual Governance Statement - 21-22
8.1	The Committee received the report which recommended they approve the audited accounts and review the annual governance statement.
8.2	<p>On being proposed by Cllr Coles and seconded by Cllr Smith the Committee RESOLVED (UNANIMOUSLY) :-</p> <p>a) To approve the audited Statement of Accounts 2021/22 b) To review the Annual Governance Statement 2021/22 c) To authorise the Chair of the Audit and Governance Committee to sign off any further im-material changes required to the Statement of Accounts and Annual Governance Statement for 2021/22 prior to publication</p>
9	Draft Financial Strategies
9.1	The Committee received the report which requested that they review and comment upon the Draft Capital, Investment and Treasury Management Strategies for 2024-25 and the draft 2024-25 Minimum Revenue Provision (MRP) statement.
9.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • Members commented that as there were only minor changes this showed the maturity of the organisation and the progress being made. • Officer advised that all policies aligned with the CIPFA guidance.
9.3	<p>RESOLVED:-</p> <p>a) To review and comment upon the Draft Capital, Investment and Treasury Management Strategies for 2024-25 and the draft 2024-25 Minimum Revenue Provision (MRP) statement.</p>
10.	Internal Audit - Progress Report January 2024
10.1	The Committee received the report which provide an update on the progress of the internal audit plan for 2023/24.
10.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • The Committee were advised that the audit on the HR system had been dropped as the CA was about to switch to a different system. • Progress on making sure recommendations were implemented had been positive. • The Chair requested that it would be helpful to have a direction on whether the authority would receive a positive opinion so this could be included in the committee's annual report; the Internal Auditor advised that as 3 out of the 5 audits had been positive it looked likely that this would be the case.
10.3	<p>RESOLVED:-</p> <p>a) To note the Internal Audit Report</p>
11.	Code of Conduct - Lessons Learned
11.1	The Committee received the report which provided the Committee with an overview of observations from the recent code of conduct complaint concluded on 14th November 2023 and requested any comments or recommendations regarding code of conduct complaints, investigations, sanctions, hearings and decisions.

11.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • The Committee had received some useful comments via email from a CA Board member which the Committee felt were important for officers to take into consideration when making any amendments to the constitution. • The Committee discussed that it would be useful to research what other local authorities use in regard to their sanctions and see if these could be used to benchmark for a recommendation to the CA Board to amend the current sanctions in the constitution. • Members discussed that they felt that the process that had been carried out had been rigorous, considered, and that an evidenced based judgement had been reached. • The Monitoring Officer advised that the LGA had prepared a model Code of Conduct which many other local authorities had adopted and would be happy to consider as part of the research on best code of conducts to benchmark against. • Members felt there was little value in writing to government regarding the limits on the sanctions available as one committee would make little impact. • Members felt that it was important to emphasise the importance of prevention of the problem; by having a supported whistleblowing arrangement and an embedded culture that would support this would help identify any problems as they emerged rather than it escalating.
11.3	<p>RESOLVED:-</p> <p>a) To identify areas for further work which may include amendments to the code of conduct and/or hearings.</p> <p>b) To consider whether to write to the government and Committee on Standards in public to reconsider the law on sanctions.</p> <p>c) The Combined Authority Monitoring Officer to come back to the next meeting with a report on possible amendments to the Combined Authority Constitution having researched the LGA and other local authorities Code of Conduct to benchmark against and also take into account the comments received from a CA Board member.</p>
12.	Annual Code of Conduct & Complaints Report
12.1	The Committee received the report which provided an overview of complaints dealt with throughout 1 June 2023 to 31 May 24("the review year")and complaints against members for this period.
12.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • Members requested that the stages that complaints were at be included in future reports. • In response to a question about whether there were interventions that could be taken to prevent complaints getting to this stage; the Monitoring Officer advised that A&G Committee could intervene as it was part of their role to monitor member behaviour and standards. Regular meetings with other members to provide advice; mediation and away days could also be considered. • The Monitoring Officer advised that the A&G Committee could recommend to the Board that any member that wished to sit on a CA Board or Committee must attend code of conduct training. • Members requested that the report be brought to the committee on a bi-annual basis so they could monitor the number of complaints and gauge whether the current in-

	crease was an ongoing trend.
12.3	<p>RESOLVED:-</p> <p>a) The annual report on code of conduct complaints be reviewed and any areas for further work be identified.</p> <p>b) The Committee agreed that complaints and code of conduct report should be brought back to the committee in six months' time to review</p>
13.	Review of A&G Committee Arrangements
13.1	The Committee received the report which sets out the results of a questionnaire sent to Members of the Audit & Governance Committee and a workshop attended by Members of the Audit & Governance Committee to consider a number of potential changes to the arrangements for the Committee.
13.2	The Committee agreed that the annual review should be added to the work programme for January's meeting.
13.3	<p>RESOLVED:-</p> <p>a) To note the outcome of the review of the arrangements for the Audit & Governance Committee following the completion of the questionnaire and workshop regarding options for changes following benchmarking with other Mayoral Combined Authority Audit & Governance Committees.</p> <p>b) To approve that there will be an annual review by Members of the Audit & Governance Committee of the arrangements for that committee in sufficient time for any proposed changes to be made in the following Municipal Year.</p> <p>c) To ask the Monitoring Officer to contact other Mayoral Combined Authorities with a view to establishing a forum for the Chairs and Vice-Chairs of their Audit & Governance Committees to discuss issues of mutual concern and benefit.</p>
13.4	<p>ACTION</p> <p>1) The Annual review of Committee Arrangements be added to the work programme.</p>
14.	Information Governance Update
14.1	The Committee received the report which provided an update the Audit & Governance Committee on the current position with regards to Information Governance and to provide data related to Freedom of Information requests, Environmental Information requests, data breaches and state 2 complaints for the period 01 January 2023 – 31December 2023.
14.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • The Data Protection Officer advised that the CA received a mixture of FOI requests from various sources including the press, researchers and local campaign groups. • There was not currently a communications strategy linked to FOI requests however, all FOI requests were published on the CA website. • The Committee requested that more detail and context be provided in the next report.
14.3	<p>RESOLVED:-</p> <p>a) To note the contents of this report.</p>
15.	Audit and Governance Work Programme
15.1	The Committee received the report which provided the Committee with the draft work programme for 23/24 municipal year.
15.2	The Committee requested that a draft work programme for the 24/25 municipal year be

	provided at the next meeting including development session dates and suggested topics.
15.3	RESOLVED a) To note the draft work programme for the Audit and Governance Committee for the 2023/24 municipal year attached at Appendix 1
15.4	ACTION 1) Draft work programme for the 24/25 municipal year be provided at the next meeting including development session dates and suggested topics.
16.	Date of Next Meeting
16.1	Friday 8 th March 2024 at Huntingdonshire District Council

Chair

Audit and Governance Committee Action Log

Purpose: The action log records actions recorded in the minutes of Audit and Governance Committee meetings and provides an update on officer responses.

Minutes of the meeting 26th January 2024

Minute	Report title	Lead officer	Action	Response	Status
4.4	Improvement Plan	Angela Probert	Further detail on the progress of the culture of the CA Board be included in the next update.	To be brought to the March meeting	CLOSED
5.4	Corporate Risk Register	Chris Bolton	A list of deep dives for the Committee to consider going forward to be brought to the next Committee meeting.	Report to be brought to the Committee with options in June	OPEN
6.4	Internal Audit Tracker	Nathan Bunting/Anne Gardiner	Internal Audit Tracker to be added to the work programme for an annual report in January going forward.	Added to the work programme	CLOSED
13.4	Annual Review of Committee	Nick Bell/Anne Gardiner	The Annual review of Committee Arrangements be added to the work programme.	Added to the work programme	CLOSED
15.4	Work Programme	Anne Gardiner	Draft work programme for the 24/25 municipal year be provided at the next meeting including development session dates and suggested topics.	Draft work programme for 24/25 to be brought to March meeting	CLOSED

Minutes of the meeting 17th November 2023

Minute	Report title	Lead officer	Action	Response	Status
5.4	Corporate Risk Register	Chris Bolton	Recommend to the CA Board that they should review the Corporate Risk register at least once a year.	To be added to the CA Board forward plan for March 2024.	CLOSED
6.2	External Audit	Robert Emery	Further information on exit payments would be brought to the January meeting	Information included in the annual accounts in January	CLOSED
8.2	Internal Audit	Anne Gardiner/ Dan Harris	To be included in the A&G Annual report the Committee state their support that the CA would commit to continuous improvement going forward after the Best Value Notice had been lifted, and that the Internal Auditors should pick up elements of that	Statement added to the annual report to reflect this.	CLOSED

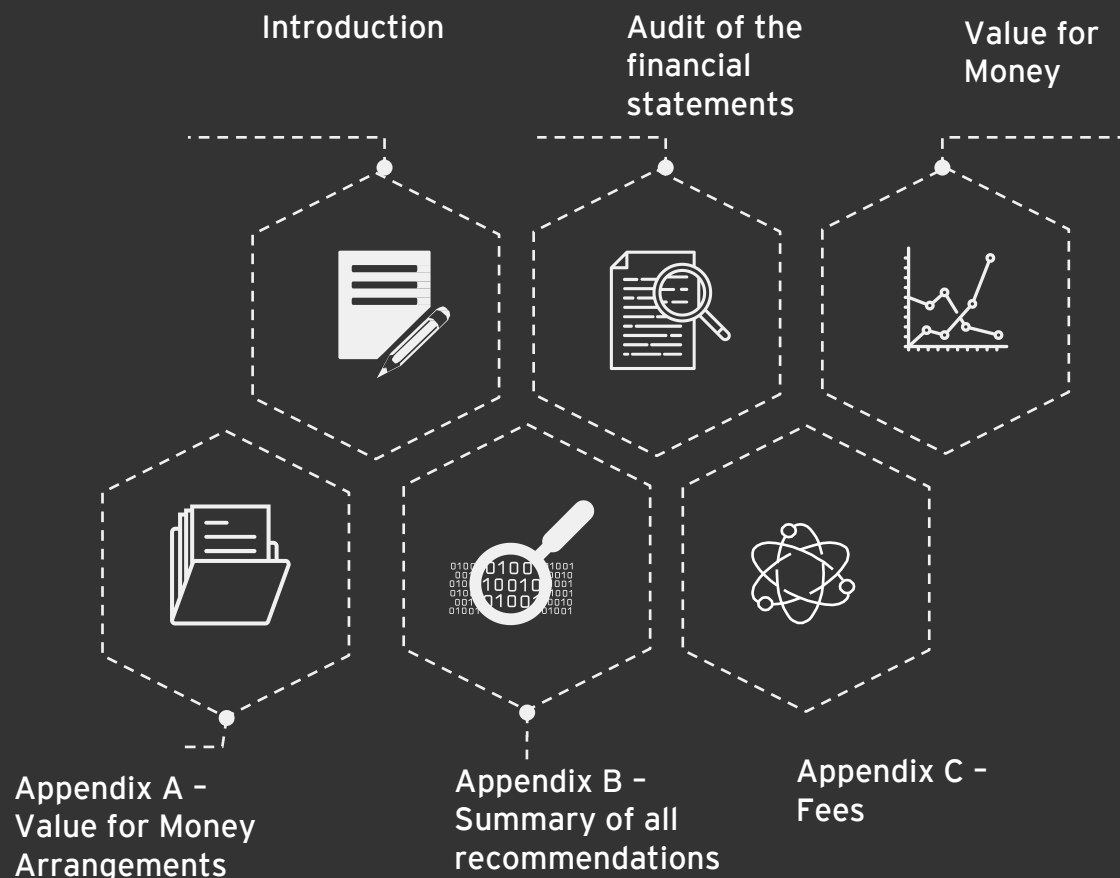
			continuous progress of improvement as part of their audit plan for 2024/25		
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Cambridgeshire and Peterborough Combined Authority Auditor's Annual Report

Year ended 31 March 2022

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Cambridgeshire and Peterborough Combined Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee and management of Cambridgeshire and Peterborough Combined Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit and Governance Committee and management of Cambridgeshire and Peterborough Combined Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Authority, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 18 January 2023. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Authority;
- If we identify a significant weakness in the Authority's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2021/22 Conclusions

Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 12 February 2024.
Going concern	We have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had matters to report in respect of the Authority's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Authority .
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of government accounts	<p>We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts.</p> <p>The NAO as group auditor has not yet confirmed whether any further assurances or procedures will be required from us as component auditors of Cambridgeshire and Peterborough Combined Authority. We will liaise with the Authority if and when any additional procedures are required.</p>
Certificate	We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Cambridgeshire and Peterborough Combined Authority.



Audit of the financial statements

Key findings

The Narrative Statement and Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

On 12 February 2024, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 26 January 2024 Audit and Governance Committee meeting. These details are included within the Audit Results Report.

We outline the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

We reported two internal control recommendations or areas for improvement in the control environment in the Audit Results Report. We reported additional matters as part of our Value for Money reporting, contained later in this report. The internal control recommendations raised in the Audit Results Report were as follows:

1. The Authority did not complete the CIPFA Disclosure Checklist at the time of accounts production and we believe that this would be a valuable closedown exercise to ensure that all the requirements are addressed within the draft financial statements.

Recommendation 1: We recommend that the Authority prepares a full CIPFA Disclosure Checklist, as part of its closedown procedures, in advance of publishing future draft Statement of Accounts, to demonstrate that the Statement of Accounts are compliant with the CIPFA Code of Practice.

2. The Authority does not have any formal procedure in place for the authorisation of manual journals before they are posted to the General Ledger. This represents a level of weakness in the Authority's overall control environment and increases the potential risk of Management Override.

Recommendation 2: We recommend that the Authority initiates a control to authorise journals before they are posted to the General Ledger.

Significant risk	Conclusion
Misstatements due to fraud or error	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have identified one area where such manipulation could occur, in the Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)</p>
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	<p>Our work did not identify any material weaknesses in the design or operation of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.</p> <p>Our work did not identify any other transactions during our audit which appeared unusual or outside the Authority 's normal course of business.</p>
Accounting in respect of Settlement Agreements	<p>The Authority had agreed early in the 2022/23 financial year, a number of settlement agreements with Senior Officers, and we therefore raised a significant risk around this area. We identified two misstatements within this disclosure, which management corrected. The Authority had not recognised a further 5 Exit Package agreements, which had been fully agreed and paid within the financial year, as the Authority had incorrectly only recognised packages finalised post year-end in the original disclosure. We also identified that the Authority had used different bandings to those prescribed by the Code, as bandings should be presented in rising bands of £20,000. We had no other matters to report.</p>

We identified two risks of significant weaknesses in the Authority's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Authority and the wider public.

We have reported matters in our audit report in respect of governance and improving economy, efficiency and effectiveness. Details of these are included within our VFM commentary.

Scope

We are required to report on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our initial VFM risk assessment to the 27 January Audit and Governance Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Authority committee reports, attendance at Board and other meetings of the Authority, meetings with Senior Officers and evaluation of associated documentation through our regular engagement with Authority Management and the finance team.

Reporting

We completed our risk assessment procedures in December 2023. We identified significant risks related to Governance and Improving economy, efficiency and effectiveness as part of our risk assessment procedures. We reported these matters in the audit report on the financial statements and provided further details in the Audit Results Report. We include within the VFM commentary below the associated recommendation(s) we have agreed with the Authority.

Our commentary for 2021/22 is set out over pages 7 to 10. The commentary on these pages summarises our conclusions over the arrangements at the Authority in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Authority ensures that it makes informed decisions and properly manages its risks	We identified a risk in respect of governance linked to whistleblowing allegations regarding the culture, behaviour and integrity of key individuals at the Authority.	We deemed that this risk lead to significant weaknesses within the arrangements of the Authority, as communicated in our Auditor's Report.
Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services	We identified a risk in respect of the level of oversight the Authority exercises over the operations of its subsidiaries.	We deemed that this risk lead to significant weaknesses within the arrangements of the Authority, as communicated in our Auditor's Report.



Value for Money (continued)

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

Cambridgeshire and Peterborough Combined Authority is made up of a directly elected Mayor and representatives from the Constituent Councils, and the Local Enterprise Partnership known as the Business Board. The Board provides direction for the Combined Authority, and therefore has responsibility for the use of resources and continued delivery of services. The long-term priorities of the Authority are set out by the Devolution Deal which identifies the specific projects the Combined Authority and member councils aim to complete over the 30-year period of the Deal. The Authority has a vision and 4-year business plan which articulates how it will deliver on its strategic and statutory priorities in the medium term.

During 2021/22, the Authority has experienced the challenges of Covid-19 and inflationary pressures, and we have reviewed the Medium Term Financial Plans with this in mind. The Combined Authority board initially approved the 2021/22 budget in January 2021, which made assumptions over future income streams and capital projects. This post-Covid review confirmed that these projects remained affordable within the lifetime of the Medium Term Financial Plan, and the Authority was not significantly impacted by inflationary pressures.

As the Authority uses a Single Pot funding approach (which comprises a transport settlement and an additional long-term investment fund grant, worth up to £600 million over a 30 year period) there is a lower level of risk at the Authority in terms of experiencing funding issues. The Authority has remained cash rich throughout the period, and continues to seek to make maximum return on these balances, through use of treasury investments.

The Authority continues to lobby for further funding, to commit to additional projects for the region. Central Government funding, private partnerships, and other grant opportunities are reviewed for consideration of further funding. The Authority also now, from the 2022/23 financial year, receives a Council Tax precept to support additional transport projects.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

The Authority is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2022. Our risk assessment identified one risk of significant weakness in arrangements in ensuring sound governance regarding the culture, behaviour and integrity of the Authority, as evidenced through a Code of Conduct investigation, linked to whistleblowing concerns raised.

The Cambridgeshire and Peterborough Combined Authority Order 2017 came into force on 3 March 2017. Cambridgeshire and Peterborough local authorities were amongst the first to establish a combined authority for its area under these new provisions. The Authority's first elected Mayor was elected in May 2017 for a four-year term. The Authority's second mayor was elected in May 2021, during the financial year we are reporting on. The Constitution for the Authority sets out the governance arrangements. This includes the powers and functions of the Authority, where responsibility lies for key decisions, and the structure of the Authority.

The Authority has devolved powers, from the constituent Council's, to deliver on its transport budget, promote economic development, and other devolved powers in areas such as Adult Education, Housing and further transport projects. Historically, the Combined Authority board held power for decision making, however areas were delegated to the Executive Committees in 2019, which feature representatives from the constituent Councils.

On 1 June 2022, we wrote to the Chair of the Audit and Governance Committee, as part of our work in respect of Value for Money, to notify that we had become aware of a significant weakness in arrangements, which related initially to the 2021/22 financial year. Through our procedures, we identified that there was a Code of Conduct investigation to be undertaken in respect of the matters raised. We were also aware that there were a number of employment related claims against the Authority, which had led to a number of vacancies within the senior management team of the Authority. During this period, there was also evidence of weakness in the governance arrangements of the Authority Board, that meant that the Authority could not properly manage its risks during the period.

Conclusion: Based on the work performed, the Authority did not have proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.

Recommendation:

To address these weaknesses the Authority needs to:

- Implement agreed actions as set out in the Code of Conduct investigation;
- Identify and implement appropriate actions to ensure it has sufficient appropriate leadership capacity to deliver its objectives and statutory responsibilities; and
- Establish and implement an improvement plan to address the questions raised over culture and behaviour at the Authority.

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks (continued)

Recommendations (continued)

Since we initially communicated the significant weakness in the Authority's governance arrangements, the Authority has taken steps to address the recommendations raised. Whilst our Audit Report, and Audit Results Report, has focused on the weaknesses in arrangements in the financial year, we have included additional details within this report as to the Authority's response, and further matters that have arisen, during the course of our audit.

In respect of the Code of Conduct Investigation, the investigation concluded in November 2023, with the conclusion being that the Mayor had breached the Code of Conduct on two counts. This was taken to a Hearing Panel on the 14 November 2023. The Panel imposed four sanctions:

- 1) To publish their findings (Published as part of the Decision Notice on 14 November 2023)
- 2) A report with the findings of the Panel to be taken to the next Combined Authority Board (A report was taken to the Combined Authority Board on 29 November 2023)
- 3) The Mayor to provide a written apology and, in consultation with the Monitoring Officer, determine the appropriateness of providing a written apology directly to one or more of the complainants. (The Monitoring Officer sent the Mayor's apology to two complainants on 17 November 2023).
- 4) The Mayor to undertake not to repeat the behaviour and agree with the CEO appropriate development & training, including HR practice when in a senior member role (The Mayor's undertaking was published as part of the Decision Notice on 14 November 2023. Three of the four scheduled training sessions have now been held, with the final session to be held on 28 February.)

This matter is now, therefore, deemed to be concluded. Our EY Forensics team found the Code of Conduct investigation to have been completed appropriately and therefore concurred with the findings.

In respect of the need to identify and implement appropriate actions to ensure it has sufficient appropriate leadership capacity to deliver its objectives and statutory responsibilities, the Authority has worked to fill current vacancies, including at the Chief Executive level. In June 2022 the Board approved the appointment of Gordon Mitchell as the interim CEO, and in June 2023 Rob Bridge took over this role. Other vacancies have continued to be filled, with all senior leadership roles filled by permanent appointments, or experienced interims where required. Whilst retention of these individuals is key, this does show that action has been taken to ensure continued capacity within the leadership team.

In respect of the need to establish and implement an improvement plan to address the questions raised over culture and behaviour at the Authority, the Interim Chief Executive took a paper to the Board in July 2022 to seek approval for an Improvement Framework, to address the matters set out in the significant weakness letter. In October 2022, the Board agreed an improvement plan to address issues raised. This has also led to the formation of the Independent Improvement Board, which holds meetings on a bi-monthly basis where it receives a report from the Chief Executive, to monitor progress against said plan.

In January 2023, DLUHC issued the Authority with a Best Value Notice, that acknowledged the steps the Authority had put in place in respect of the Action Plan, but reflected the continued concerns around the Authority and therefore a need to engage more closely with DLUHC. Based on our own discussions with DLUHC, and the updated Best Value Notice issued in January 2024, we understand that the Authority has co-operated with DLUHC, and whilst the Best Value Notice has not been fully lifted, the latest position sets out the continued improvements made.

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

The Authority is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Authority is expected to have in place during the year ended 31 March 2022. Our risk assessment identified one area of significant weakness within the arrangements of the Authority. The Annual Internal Audit Report 2021/22 identified that the business plans of the subsidiaries have not been subject to regular review by the Authority, and the business plans include actions that are not specific or measurable.

The Authority's Section 73 officer has overall statutory responsibility for the proper administration of the Authority's financial affairs, including preparation of the Statement of Accounts and making arrangements for the appropriate systems of financial control. Management have a key role in monitoring the finances of the Authority against the budget, with a bi-monthly Budget Monitoring Report, and a quarterly Performance Monitoring Report being reported to the Combined Authority Board.

As the Authority uses a Single Pot funding approach (which comprises a transport settlement and an additional long-term investment fund grant, worth up to £600 million over a 30 year period) there is a lower level of risk at the Authority in terms of experiencing funding issues. The Authority has remained cash rich throughout the period, and continues to seek to make maximum return on these balances, through use of treasury investments. Partnership working is however key to the Authority. The Combined Authority Board has a voting representative from the Business Board and non-voting, co-opted members from Cambridgeshire and Peterborough Clinical Commissioning Group, the Cambridgeshire and Peterborough Fire Authority, and the Police and Crime Commissioner. The Business Board has co-adopted the management and evaluation framework alongside the Authority and provides performance reporting in a similar manner.

Conclusion: Based on the work performed, the Authority did not have proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Recommendation:

To address these weaknesses, the Authority needs to:

- **establish and implement a plan to ensure appropriate and sufficient oversight of its subsidiaries, including reporting to the Authority; and**
- **ensure business plans are subject to regular review, and the actions within these plans are both specific and measurable.**

Since this matter was initially raised by Internal Audit, Subsidiary Company Boards have been established to enable additional oversight of the subsidiaries, and the CPCA Shareholder Board had also been set up to centrally oversee operations with an inaugural meeting held in June 2023. The Shareholder Board is responsible for monitoring business plans and reporting, and reasonable assurance over the relevant controls was provided by Internal Audit at the June 2023 Audit & Governance Committee.

Appendices



Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Board receives and reviews a bi-monthly Budget Monitoring Report, and a quarterly Performance Monitoring Report, which provide oversight over the financial performance of the Authority. The Audit and Governance Committee (A&GC) also receives quarterly Performance Reporting identifying projects that are not performing as expected against budgeted spend and key performance indicators. The A&GC consider this reporting and challenge officers as to the actions being taken to address the under performance and officers then consider the impact on the Corporate Risk Register.</p> <p>In December 2021 the Performance and Risk Committee (PaRC) was implemented. This is an internal officer group which included the directors, statutory officers and other senior officers. The PaRC undertakes reviews of financial and non-financial performance reports, the corporate and service risk registers and the Internal Audit actions tracker. It also considers project initiation documents and business cases and approval was required from PaRC before they could be taken to the Combined Authority Board.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>For 2021/22 the Authority has had no funding gaps, and due to the way it is funded, it does not currently have any need to identify savings. It uses a 'Single Pot' funding approach which is backed by the Devolution Deal signed by the member councils committing significant funding to the ambitions and priorities of the Mayor and Authority. The Authority employs a Treasury Management Strategy which can leverage the future guaranteed funding to obtain current borrowing to meet short term funding gaps of which none are currently identified.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Authority does not deliver services directly, but through a combination of direct contracting with providers (in the case of the Adult Education Budget and Passenger Transport services) or by commissioning or funding other organisations to deliver initiatives which contribute to strategic and statutory priorities which are clearly laid out in its Annual Report and Business Plan which is approved by the Board.</p> <p>The long-term priorities of the Authority are set out by the Devolution Deal which identifies the specific projects the Combined Authority and member councils aim to complete over the 30-year period of the Deal. The Authority has a vision and 4-year business plan which articulates how it will deliver on its strategic and statutory priorities in the medium term. The 21/22 Business Plan was established drawing on the findings of specially commissioned independent economic review of the region. Initiatives and services established in the plan are translated into a Medium-Term Financial Plan which is approved annually by the Board.</p>
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>The Authority has established Strategic Plans based on the key performance indicators established through the Cambridgeshire and Peterborough Independent Economic Review. These Strategic Plans are used in the development of the Medium-Term Financial Plan and the 2021/22 Business Plan to ensure financial alignment with strategic initiatives. The Authority implemented the Sustainable Growth Ambition Statement during the year which the Authority use to prioritise projects.</p>

Appendix A – Summary of arrangements

Financial Sustainability (continued)

Reporting Sub-Criteria	Findings
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Projects funded by the Authority must implement the Monitoring and Evaluation Framework. Project managers report monthly on budget spend, performance against key metrics, and risk registers. A corporate risk register is reviewed monthly by the Directors of the Authority and reviewed quarterly by the Audit and Governance Committee. The Audit and Governance Committee provides recommendations to the Board for consideration on the management of risks identified on an ad hoc basis with respect to the Authority's management of risks and on any concerns that risks being accepted by the Authority may be unacceptable.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Authority maintains a corporate risk register which is reviewed quarterly by the A&GC. Corporate level risks are assigned to a corporate risk owner who is assigned responsibility for developing the management strategy for the risk. The corporate risk owner ensures that mitigation actions are undertaken by appropriate level of staff and monitors outcomes for updating the Corporate Risk Register.</p> <p>The Authority has an internal audit service to help gain assurance over the effective operation of internal controls. Internal audit also undertakes a Corporate Fraud Risk Assessment and liaises with officers to assist with the identification of fraud risks and development of mitigations to a desired level. The Internal Audit plan will include proactive testing of areas where a risk of fraud is identified. The Chief Finance Officer (CFO) is responsible for the adequacy of the internal audit coverage and the A&GC review and approve the annual internal audit plan.</p>
How the body approaches and carries out its annual budget setting process	<p>The annual budgets are prepared by officers and submitted to the Board by the end of November with a consultation period of no less than 4 weeks with Constituent Authorities, the Business Board, and the Overview and Scrutiny Committee. It is then presented to the Board for approval in January.</p>
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>Projects are subject to the Assurance Framework and the Monitoring and Evaluation Framework. Business Cases are progressed through the PaRC for sign-off and the CFO and Monitoring Officer review all proposed funding decisions for business cases on a weekly basis as they come forward via this route, before they are taken forward for approval by the Board. Approved projects are captured within the Business Plan and the Medium-Term Financial Plan.</p> <p>The Mayor and CFO report bi-monthly to the Board a Budget Monitor Update which presents the financial position for the year to date and seeks Board approval for major amendments to the budget. In addition, the Mayor and Director of Delivery & Strategy report a performance dashboard to the Board to support non-financial performance monitoring. The CFO oversees the adoption and operation of the Authority's Standing Financial Instructions including the rules relating to budgetary control, procurement, losses and controls over income and expenditure transactions.</p>
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>The effective operation of the Board, supported with regular, clear and relevant information, is the Authority's key tool for ensuring that it makes properly informed decisions. Published board papers and minutes evidence the challenge made by Members and the transparency in decision making. In June 2022 we raised concerns around weaknesses observed in how the extraordinary meeting of the Authority Board makes informed decisions, and the Board have considered their effectiveness in light of this finding.</p> <p>The A&GC meets at least quarterly, is chaired by an independent person, is comprised of appropriately skilled and experienced members, has clear terms of reference which emphasises the Committee's role in providing effective challenge and has an annual work plan to help ensure that it focus on the relevant aspects of governance, internal control, and financial reporting.</p>

Appendix A – Summary of arrangements (continued)

Governance (continued)

Reporting Sub-Criteria	Findings
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>The Authority has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements as set out in the Authority's Constitution under Annex 1 - Code of Conduct. The Authority has an established complaints process with complaints being addressed by the Monitoring Officer.</p> <p>The Authority has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. These policies and procedures are reviewed and revised regularly - this is overseen by the Monitoring Officer.</p> <p>During 21/22 there have been allegations raised in respect of Member Code of Conduct, and whistleblowing complains have received media attention. This also extended to the culture at the organisation during this period and an increased number of employment disputes within the Authority. This resulted in EY issuing a letter to the Chair of the Audit & Governance Committee in June 2022 to highlight the significant weakness in arrangements which was present during the financial year. The Code of Conduct review did not conclude until November 2023, which identified breaches in respect of the Code of Conduct.</p>

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	Each month officers are required for all projects funded by the Authority to prepare a highlight performance report updating budgeted spend, performance against key milestones, and outputs/outcomes. These reports also include risk registers to track key risks and assign individuals to monitor the risk throughout the project life cycle. The highlight reports are consolidated into a monthly dashboard and reviewed by the Directors of the Authority. On a quarterly basis the Board receive the Performance Monitoring Reports with identification of projects that are underperforming.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The Authority only directly provides limited services – the issuing and replacement of concessionary bus passes. It does engage in projects to deliver key initiatives focused on Gross Value Added, Jobs Growth, and Affordable Housing. These key initiatives are established under the Devolution Deal and the Board receives monthly performance dashboard reports to help evaluate performance and seek assurances that improvements are being made where relevant.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>The Authority's main partnerships are with each constituent Council and the Business Board. The constituent Councils each appoint one member to the Board to act on the Council's behalf in the execution of the Strategic Initiatives identified as part of the Devolution Deal. In addition, the Board has a voting representative from the Business Board and non-voting, co-opted members from Cambridgeshire and Peterborough Clinical Commissioning Group, the Cambridgeshire and Peterborough Fire Authority, and the Police and Crime Commissioner. Each quarter members of the Board receive Performance Reporting against key performance indicators. The Business Board has co-adopted the management and evaluation framework alongside the Authority and provides performance reporting in a similar manner.</p> <p>The Authority also has relationships with a number of subsidiaries. Internal Audit findings identified significant issues including a lack of reporting from subsidiary companies into the CPCA Board, and business plans had not been subject to regular review. We have therefore raised a significant weakness in arrangements in this area.</p>
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Authority employs a Procurement and Contracting Manager responsible for the design, implementation, and management of the Procurement Gateway Process. The Procurement and Contracting Manager in partnership with the Monitoring Officer ensures that the Procurement Gateway Process is aligned with all relevant legislation, professional standards, and internal policies. All contracts require signature from the Procurement and Contracting Manager, CFO, Monitoring Officer, and Directors. Following the awarding of contracts the contract owner must hold performance management meetings at appropriate intervals to ensure that expected benefits are being realised and if not that appropriate action is taken.

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2021/22. All recommendations have been agreed by management.

Issue	Recommendation	Management Response
Financial statements: The Authority did not complete the CIPFA Disclosure Checklist at the time of accounts production. We believe that this is a valuable closedown exercise to ensure that all requirements are addressed within the financial statements.	We recommend that the Authority prepares a full CIPFA Disclosure Checklist as part of its closedown procedures, in advance of publishing future draft Statement of Accounts, to demonstrate that the Statement of Accounts are compliant with the CIPFA Code of Practice.	The Authority have noted this recommendation, and have added completion of the Disclosure Checklist to planned year-end procedures for the 2023/24 financial year onwards.
The Authority did not have any formal procedure in place for the authorisation of manual journals. This represents a level of weakness in the Authority's control environment and increases the risk of Management Override.	We recommend that the Authority initiates a control to authorise journals before they are posted to the General Ledger.	The Authority have noted this recommendation for further consideration. The Authority are to review whether a risk-based approach to journal review could be implemented, balancing the benefit of this control with the cost of additional staff time.
Value for Money: Concerns were raised through whistleblowing allegations regarding the culture, behaviour and integrity of key individuals in the Mayor's office. Governance arrangements in place did not support the achievement of appropriate standards in terms of officer or member behaviour and were exacerbated by vacancies in the Authority's senior management team. We consider that this gives rise to a significant weakness in the Authority's governance arrangements.	To address weaknesses in governance the Authority needs to: <ul style="list-style-type: none"> • Implement agreed actions as set out in the Code of Conduct investigation; • Identify and implement appropriate actions to ensure it has sufficient appropriate leadership capacity to deliver its objectives and statutory responsibilities; and • Establish and implement an improvement plan to address the questions raised over culture and behaviour at the Authority. 	Since our weaknesses were reported, the Authority has: <ul style="list-style-type: none"> • Concluded the Code of Conduct Investigation and ensured the sanctions raised have been implemented; • Taken action to improve leadership capacity, including appointments within the Senior Leadership Team • Implemented an Improvement Plan to address the cultural and behavioural weaknesses identified. More details of the Authority's response can be found on page 9 of this report.
The Annual Internal Audit Report 2021/22 has identified that the business plans of the subsidiaries have not been subject to regular review by the Authority, and the business plans include actions that are not specific or measurable.	To address weaknesses in improving economy, efficiency and effectiveness, the Authority needs to: <ul style="list-style-type: none"> • establish and implement a plan to ensure appropriate and sufficient oversight of its subsidiaries, including reporting to the Authority; and • ensure business plans are subject to regular review, and the actions within these plans are both specific and measurable. 	Since our weaknesses were reported, the Authority has: <ul style="list-style-type: none"> • Established the CPCA Shareholder Board to oversee operations with an inaugural meeting held in June 2023. • Received reasonable assurance over the relevant controls Internal Audit in June 2023.

Appendix C – Fees

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We carried out our audit of the Authority's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)".

Audit Fees – Cambridgeshire & Peterborough Combined Authority	Final Proposed Fee (Note 2)	Final PSAA approved Fee (Note 1)	Final Proposed Fee (Note 1)
	2021/22	2020/21	2020/21
PSAA scale fee	£26,950	£26,950	£26,950
Additional Procedures required in response to additional risks identified in the Audit Plan and other areas of audit work:			
• Group Accounting	£14,375	£4,775	£4,775
• Pensions Valuation	£11,406	£1,375	£4,813
• Additional work linked to Close Monitoring designation, including staffing arrangements	£36,300	-	-
• Property Valuations (Group)	£1,493	-	-
• Consideration of the use of statutory powers	£13,200	-	-
• Prior Period Adjustments (Cash)	£4,891	-	-
• Technical Accounting Issues	£18,013	-	£6,950
• Quality or preparation issues	£14,610	£5,525	£5,525
• Value for Money procedures, linked to significant risks	£38,833	-	-
• Value for Money, changes in commentary arrangements	£6,072	£6,072	£6,072
• Covid-19 (including Going concern)	£2,756	£4,870	£4,870
• Increased FRC challenge	£3,563	£2,250	£3,563
• Reduced Materiality (1% PM, 50% TE)	£17,131	-	-
• Investment Valuations	£11,135	-	-
• Work of Internal Experts	£20,345	£2,910	£2,910
• ISA540 Requirements	£2,585	£2,585	£2,585
• Other	-	-	£7,345
Total additional Fee	£216,708	£30,362	£49,408
Total Fees (*All fees exclude VAT)	£243,658	£57,312	£76,358

Appendix C – Fees

Relationships, services and related threats and safeguards

Note 1: Following completion of the 2020/21 audit we submitted a proposed additional fee of £49,408 to PSAA. This relates to proposed uplifts to the base scale fee due to increased regulatory requirements as well as additional work in 20/21 in respect to the risks and additional areas of audit work as detailed in the table on the previous page. PSAA Ltd determined, with agreement from the Authority, a final additional fee for 2020/21 of 30,362.

Note 2:

The scale fee for 2021/22 will again be impacted by the increased regulatory requirements and our proposed uplifting of the base scale fee. An increased fee is also proposed for additional audit procedures required to respond to the risks identified and other additional areas of work as detailed in the table on the previous page which are not reflected in the PSAA scale fee. This includes additional costs in respect of our Value for Money procedures, as well as impacts from the designation of the audit as Close Monitoring, which was communicated in the Audit Plan. The proposed additional fee is yet to be discussed with management and remains subject to determination by PSAA.

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Audit and Governance Committee		Agenda Item
8 March 2024		5
Title:	Improvement Framework	
Report of:	Angela Probert, Interim Director of Transformation Programme / Nick Bell, Executive Director Resources and Performance	
Lead Member:	Mayor, Dr Nik Johnson	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	A simple majority of all Members present and voting	

Recommendations:

A	Note the identified areas of ongoing concern set out in the Best Value Notice received in January 2024 attached as Appendix 1.
B	Note the closedown of activity in the current improvement plan (phase 2).
C	Note the approach to finalise the phase 3 improvement plan to reflect the ongoing concerns set out in the Best Value Notice received in January 2024 to be submitted to the CA Board on 20 March 2024 for agreement.
D	Note the draft revised terms of reference for the Independent Improvement Board going forward, to reflect the delivery of stated areas of improvement identified by the Best Value Notice received in January 2024.

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
x	Increased connectivity
x	Enabling resilient communities
x	Achieving Best Value and High Performance

The identified improvements set out in this report aim to meet the concerns of the External Auditor and Best Value Notice. By making necessary improvements, the capacity, culture and governance of the Combined Authority will support and enable the delivery of identified priorities and objectives set out in the Corporate Plan and result in the CPCA being seen as achieving best value and high performance.

1. Purpose

1.1	<p>Provide the Audit and Governance Committee with an opportunity to review:</p> <ul style="list-style-type: none"> • The proposed close down of activity across the phase 2 improvement plan to address the key areas of concern identified by the External Auditor in his letter dated June 2022 and February 2023, and the Department for Levelling up, Housing and Communities (DLUHC) in its letter dated January 2023. • The key areas of concerns set out in the Best Value Notice dated January 2024 and the proposed approach to the development of the phase 3 improvement plan to be submitted to the CA Board on 20 March 2023
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2. Purpose

2.1	<p>Best Value Notice January 2024</p> <p>In January the Audit and Governance Committee was advised that a review of all improvement activity would be undertaken in February. The Committee was further advised that improvement activity agreed to have been delivered would be closed down, and any live activity still to be delivered would be moved across to Directorate Business Plans.</p> <p>A new Best Value Notice was received by the Combined Authority on 30 January 2024 for a further six month period. Therefore a continued focus on addressing key areas of concerns is still relevant for Committees, the Independent Improvement Board and the Combined Authority Board.</p> <p>The Best Value Notice (January 2024) acknowledges the steps the CPCA has taken to address the serious issues previously identified and the constructive engagement with the Independent Improvement Board and the Department for Levelling Up, Housing and Communities. It also recognises the Authority's progress in delivering the agreed improvement plan.</p> <p>The Notice acknowledges that embedding cultural change and ensuring that it is having the desired, long-term impacts is likely to take time and will require sustained effort from both officers and, indeed, members at CPCA.</p> <p>The Notice remains concerned that, despite efforts made, more work is needed to ensure effective partnership working between all levels of the Combined Authority and its constituent authorities, to enable the area to achieve its full potential.</p> <p>It notes that whilst the Independent Improvement Board (IIB) "continues to draw assurance from the work of the officer team within [CPCA], this needs to be matched by the actions of the [Combined Authority] Board itself".</p> <p>The Notice is attached as Appendix 1 and identifies the following expectations of the Combined Authority:</p> <ul style="list-style-type: none"> • Continue to implement and embed the changes agreed by the Combined Authority Board as part of the improvement plan. • Continue to implement and monitor cultural change across the organisation, for both officers and members, with a focus on measurable outcomes. • Commit, through strong partnership working at both officer and member level, to develop the strategic priorities and aspirations for the area that will benefit local residents, and a credible delivery strategy for progressing these. We hope that this can be achieved through consensus but, if not all stakeholders are ready to fully engage, the opportunity should be left open for them to do so when they feel ready to. This work is also important in informing CPCA's approach to further devolution.
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	<ul style="list-style-type: none"> • Continue with the independent Improvement Board, making full use of its support and engaging with its recommendations over the next six months. • Continue to engage regularly with the Department at official level throughout the period of this Notice.
2.2	<p>Closedown of the Improvement Plan (phase 2)</p> <p>The Improvement Group met on 8 February and received, and accepted, recommendations regarding improvement activity in the phase 2 Improvement plan (put in place to address the Best Value Notice 2023 and outstanding External Auditor concerns)</p> <p>It was agreed that elements of activity in the improvement plan should be categorised as either:</p> <ul style="list-style-type: none"> • Completed and any future review to be held at a Directorate level • Completed - no further action • Open – outstanding actions to be contained in the Improvement plan phase 3 • Open – outstanding actions to be contained (and monitored) in Directorate Business Plans currently being drafted as not contained as an area of focus in the Best Value Improvement Notice January 2024. <p>Attached as Appendix 2 is the closedown plan for current improvement activity based on the above criteria.</p> <p>Progress on activity to be contained in Directorate Business Plans will be reported to Corporate Management Team as part of a regular Directorate Business Plan monitoring report.</p> <p>A lessons learned exercise is currently being undertaken to feed into the next phase of improvement.</p>
2.3	<p>Improvement plan phase 3 development</p> <p>Based on the areas of continued concern set out in paragraph 2.1, the key areas of focus and CMT leads in the phase 3 improvement plan will be:</p> <ol style="list-style-type: none"> 1.Strategic priorities and aspirations for the area – Kate McFarlane 2.Cultural change across the organisation, for both officers and members – Judith Barker 3.Embed the changes agreed by the Combined Authority Board – Nick Bell (then the new Executive Director, Resources, when appointed) <p>Partnership working will be covered by all three themes</p> <p>Key outcomes and deliverables are currently being scoped and will be reported to the Independent Improvement Board and Overview and Scrutiny for comment on route to the Combined Authority Board on 20 March for agreement.</p> <p>The current governance arrangements for the improvement plan, identified as effective by the Internal Auditor, will continue for a further six months.</p>
2.4	<p>Independent Improvement Board engagement and future role</p> <p>Further to the report to Audit and Governance Committee in January, the Independent Improvement Board has reviewed its current terms of reference and in line with the new Best value Notice that has been received, has agreed to remain in place with a revised terms of reference for a further 12 months, subject to the CA Board in March.</p>

	Attached for information, as Appendix 3 is the draft terms of reference that has been drafted and will be reported to the next Overview and Scrutiny Committee and following this, the CA Board on 20 March for agreement.
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3. Background

3.1	The proposals set out in this report respond to the report presented to CA Board in March 2023 and the new Best Value Notice received in January 2024.
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4. Appendices

4.1	<p>Appendix 1- Best Value Notice January 2024</p> <p>Appendix 2 – Closedown plan - Improvement plan phase 2</p> <p>Appendix 3 – Revised draft terms of reference for the Independent Improvement Board</p>
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5. Implications

Financial Implications

5.1	The costs of phases 1 and 2 of the Improvement Programme have been met from a dedicated fund approved for this purpose by the Combined Authority Board. As the Improvement Programme will now need to continue into a phase 3, running to the end of July 2024, further funds will be needed to cover the programme infrastructure and activities during this next phase and approval will be sought for additional funds at the Board meeting on 20 th March.
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Legal Implications

6.1	<p>In January 2024, the CPCA was issued a Best Value Notice (“Notice”) which is a formal notification that the Department has concerns regarding an authority and is a request that the authority engages with the Department to provide assurance of improvement. The Notice was issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of Best Value failure and, separately, under section 230 of the Local Government Act 1972 to request information from local authorities.</p> <p>The delivery of the actions within this report as well as any subsequently identified actions, supports the CPCA in demonstrating that it is achieving sustainable and continuous improvement. Ultimately, the changes made through this improvement plan will enable the CPCA to effectively deliver its strategic priorities and ensure it is delivering value for money.</p>
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Public Health Implications

7.1	None
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Environmental & Climate Change Implications

8.1	None
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Other Significant Implications

9.1	None
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Background Papers

10.1	CA Board Report 22 March Best Value Notice
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Department for Levelling Up,
Housing & Communities

Rob Bridge
Chief Executive
Cambridgeshire and Peterborough Combined
Authority

Max Soule
*Deputy Director, Local Government
Stewardship*

**Department for Levelling
Up, Housing and Communities**
4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF
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30 January 2024

Cambridgeshire and Peterborough Combined Authority Best Value Notice issued on 30 January 2024

Dear Rob,

The Department issued a Best Value Notice to CPCA on 24 January 2023 as a formal notification of the Department's concerns regarding the Authority and requesting that the Authority engages with the Department to provide assurance of improvement.

We acknowledge the steps CPCA has taken to address the serious issues at the Authority since then, including your constructive engagement with both the independent Improvement Board and the Department over the last twelve months. We recognise the Authority's progress in delivering its agreed improvement plan, which has included making permanent appointments to the senior leadership team in a robust and timely manner. The benefits of a strengthened senior officer team are reflected in the progress made against the improvement plan. Although the investigation into breaches of the member code of conduct was not concluded quickly, we note that it now has been and is an important milestone for the Authority.

However, as you know, embedding cultural change across the organisation and ensuring that it is having the desired, long-term impacts is likely to take time and will require sustained effort from both officers and, indeed, members at CPCA.

Further, the Department remains concerned that, despite efforts made, more work is needed to ensure effective partnership working between all levels of the Combined Authority and its constituent authorities, to enable the area to achieve its full potential. We note that, whilst the Improvement Board "continues to draw assurance from the work of the officer team within [CPCA], this needs to be matched by the actions of the [Combined Authority] Board itself."

Ministers remain concerned as to CPCA's capacity to comply with its Best Value Duty under the Local Government Act 1999. The Minister for Local Government has therefore made the decision to issue CPCA with this Best Value Notice.

This Best Value Notice ("Notice") is a formal notification that the Department has concerns regarding an authority and is a request that the authority engages with the

Department to provide assurance of improvement. The Department expects authorities that have been issued with Best Value Notices to continue leading their own improvement.

We expect the Authority to continue to improve and, specifically, to:

- Continue with the independent Improvement Board, making full use of its support and engaging with its recommendations over the next six months.
- Continue to implement and embed the changes agreed by the Combined Authority Board as part of the improvement plan.
- Continue to implement and monitor cultural change across the organisation, for both officers and members, with a focus on measurable outcomes.
- Commit, through strong partnership working at both officer and member level, to develop the strategic priorities and aspirations for the area that will benefit local residents, and a credible delivery strategy for progressing these. We hope that this can be achieved through consensus but, if not all stakeholders are ready to fully engage, the opportunity should be left open for them to do so when they feel ready to. This work is also important in informing CPCA's approach to further devolution.
- Continue to engage regularly with the Department at official level throughout the period of this Notice.

The Department will continue to closely monitor CPCA's progress, including by looking to the Improvement Board and your external auditor for updates and assurance that the necessary changes are being made at sufficient pace.

Whilst the Authority may continue to receive and be awarded government funding whilst under this Notice, we would emphasise that receipt of funding does not indicate the Department's broader view of the performance of the Authority, nor would it indicate any change in the status of this Notice, with individual funding programmes being managed and assured independently by their respective departments.

This Notice will remain in place for 6 months, after which time, should the Department deem it necessary to continue to seek assurance through such a Notice, a further Notice will be issued. The Notice may be withdrawn or escalated at any point based on the available evidence.

This Notice is issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of Best Value failure and, separately, under section 230 of the Local Government Act 1972 to request information from local authorities. However, a failure to demonstrate continuous improvement may be judged to contribute to Best Value failure and the Secretary of State will consider using these powers as appropriate.

It is important to ensure transparency in relation to the challenges faced by local authorities and the Department's engagement on these. A copy of this Notice will therefore be published on gov.uk. I encourage you to make a copy of this Notice available on the Authority's website, and to share it with the Improvement Board,

the Combined Authority Board and the Audit and Governance Committee. We will notify your external auditor of our decision.

Separately to this Notice, I would encourage you to continue engaging with the Local Government Association, making use of the full range of support they have to offer. A member of my team will be in touch with you to make arrangements for ongoing engagement with the Department. I look forward to receiving updates on your progress.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Max Soule', with a stylized, cursive script.

Max Soule
Deputy Director, Local Government Stewardship

Improvement Plan (BVN 2023) - Close down of activity

Phase 2 Improvement Plan review

Colour code in table below

Completed and any future review to be located in Directorate plans



Completed - no further action



Move to Improvement plan phase 3



Moving to Directorate Plans



Phase 3 Improvement Plan themes to address the concerns set out in the Best Value Notice January 2024:

1. Strategic ambitions and priorities

2. Cultural change for members and officers

3. Continuous Improvement

Partnership working will go across all three improvement themes

Theme	Phase 2 Tasks/Actions	Activity Undertaken / Evidence - COMPLETED	Activity Outstanding	New Phase
Governance & Decision Making Improve theme (Phase 2)	Revise/embed Constitution & Governance improvements.	Combined Authority Board Terms of Reference/ Key Functions agreed at CA Board 22nd March 2023 Constitution agreed at CA Board 23rd March 2023 Officer / Member protocols agreed at CA Board 26th July 2023 Member induction and training programme Role of Business Board agreed at CA Board 23rd March 2023 The outcome of the agreed changes is seen as good practice by the LGA/ Grant Thornton review into CA governance, Centre for Governance & Scrutiny and the Combined Authority Governance Network (CAGN)M10 Assurance Group. The CAs new approach to scrutiny has also been recognised by Centre for Governance and Scrutiny and a case study has been written and shared Internal audit review undertaken identifying 'Reasonable Assurance' attached	Review of structures and constitution Formal document Review - moves to Continuous Improvement	Continuous Improvement Improvement theme (Phase 3)
	Recruitment	•A new Constitution for the Combined Authority •Revised Officer / Member protocols •Training in place for members of Overview and Scrutiny Committee, Audit and Governance, CA Board •Officer support for the O&S completed •Support guides for new governance structure developed •Process in place for monitoring the new structural arrangements •Reviewed the role of the Business Board and progressed changes •Established the Economic Development Advisory Panel	Review of structures and constitution Formal document Review (DBP Resources & Performance)	Directorate Business Plan 2024/25
	Independent Councillor committee representation	Recruited independent member to Overview & Scrutiny Committee regarding independent reps		No further action
Project, Plans and Delivery Improve theme (Phase 2)	Clarity on process to be followed to maximise income	Agreed overarching corporate strategy supported by MTFP and resourcing plan (currently being refreshed)	Refreshed and monitored	Directorate Business Plan 2024/25
	Investment and resources in place to support and maximise future Devo deals for the CA area.	Review of local and national funding reports and what these potentially mean for CPCA. Review of local and national priorities along with peer review and comparison Creation of a long list of funding options and feasibility for CPCA An analysis of the CPCA costs against funding	Keep under review	No further action (at this point)
	Performance Management (Framework)	A Performance Management Framework agreed that provides a holistic view of how well the Combined Authority is delivering against its strategic objectives Identified and secured funding to support the development of the next devolution deal Procurement of external expert support Operating model to be agreed	Recruitment of permanent staff Need to implement and embed framework Review framework	Continuous Improvement Improvement theme (Phase 3)
	Risk Management (Framework)	A Risk Management Framework developed in conjunction with RSM to ensure best practice	Need to implement and embed Framework Review framework	Continuous Improvement Improvement theme (Phase 3)

	Quality standards raised across CPCA and constituent authorities	Performance Management Framework developed and agreed at CA Board	Quality checks will be undertaken as part of the monthly performance meetings. A comprehensive training package developed and resourced from (DLUHC budgets provided for purpose) Refresher training to be scheduled biannually,	Continuous Improvement Improvement theme (Phase 3)
	Project management best practice culture, training, and standards in support of SAF	<ul style="list-style-type: none"> •Refreshed Procurement guide and protocols agreed by CA Board on 26th July 2023 •Single Assurance Framework and implementation plan agreed by CA Board in November 2023 •Risk management Framework agreed by CA Board on 20th September 2023 •Performance Management Framework agreed by CA Board on September 2023 •Internal audit review undertaken identifying 'Reasonable Assurance' attached <p>The SAF has now been reported back to the M10 Assurance Group as the only current EDAF approved Assurance Framework at an MCA, with M10 colleagues now able to engage with CPCA to assist them in enhancing their own Assurance Frameworks.</p>	Create a PMO (Programme Management Office) A full business case setting out the new expanded scope and role of the PMO is being developed N.B. IIB interest in this task.	Continuous Improvement Improvement theme (Phase 3)
	Provide CPCA and partners a comprehensive overview of performance.	<ul style="list-style-type: none"> •Agreed overarching corporate strategy supported by MTFP and resourcing plan (currently being refreshed) •Refreshed Procurement guide and protocols agreed •A Single Assurance Framework signed off by three government departments •A Risk Management Framework developed in conjunction with RSM to ensure best practice •A Performance Management Framework agreed that provides a holistic view of how well the Combined Authority is delivering against its strategic objectives •Terms of Reference being completed for Investment Committee and Panel 	Implement and embed frameworks	Directorate Business Plan 2024/25
Procurement Improve theme (Phase 2)	Review procurement strategy, policy, operations, and compliance	<ul style="list-style-type: none"> •Refreshed Procurement guide and protocols agreed by CA Board •Operating Model for Procurement function has been agreed and implemented •Standardised templates for contracts, service level agreements and grant agreements •Standard terms of engagement across all contract models developed •Training being rolled out 	<ul style="list-style-type: none"> Review HR contracts with delegated authority Implement contractual changes Improve Procurement scrutiny & involvement of Procurement in BC development Implement routine for Procurement in BC involvement Refresh the Contracts & Grants Register Recruit Contract Manager Migrate Grants Register to portal 	Directorate Business Plan 2024/25
			Continuous activity / review (and linked to observations of Internal Auditor) Develop KPIs	Continuous Improvement Improvement theme (Phase 3)
Partnerships Improve theme (Phase 2)	Scoping exercise (for CPCA & Constituent Authorities)	Working group of constituent authorities pulled together to identify current partnerships & next steps		No further action (at this point)
	Develop an action plan to maximise the culture of cross authority collaboration and partnership working to include:	Partnership case studies presented to the Independent Improvement Board in November 2023 attached below	Still a concern for the IIB who do not believe this is 'how we work around here' focus now on the CPCA Values "CIVIL" as structure for Phase 3 Culture Workstream	Culture Change Improvement them (Phase 3)
	For wider partnership working: Mapping exercise required to understand the sub-region:	<ul style="list-style-type: none"> •Strong and effective partnership working in place - and recognised •Focus on the future vision, State of the Region and deepening Devolution •Stronger and more collegiate partnership working across the constituent councils and M10 group of MCAs •Strengthened strategic and delivery partnerships at sub-national levels across the 	Still a concern for the IIB who do not believe this is 'how we work around here' focus now on the CPCA Values "CIVIL" as structure for Phase 3 Culture Workstream	Culture Change Improve theme (Phase 3)
	Review of key strategies and their delivery arrangements:	Review of key strategies and policies undertaken as part of the State of the Region review. Work overseen by Working Group made of officers from constituent Councils and wider partners.	Final report to be signed off/ made available as part of publication of State of the Region Review.	Directorate Business Plan 2024/25
Confidence, culture and capacity Improve theme (Phase 2)	Ambition and priorities		A pipeline of key priorities and programmes and associated key asks and offers and stretch on outcomes as part of delivery Review key dependency with SAF to ensure focus and capacity is in place to deliver on identified vision and strategies coming out of activity above	Strategic Ambitions & Priorities Improvement theme (Phase 3)
	Development of future programme	Full training programme in place for CA Board and Committees	Still seen as work to do. Activity underway re longer term vision and ambitions for the region	Culture Change Improvement theme (Phase 3)

Values and Behaviours	<p>Values agreed by CA Board in January 2023</p> <p>Suite of HR policies agreed by Employment & Skills Committee on the following dates:</p> <ul style="list-style-type: none"> •23rd March 2023 And the new HR Committee on the following dates: •26th July 2023 	<p>Values and Behaviours not completely embedded or embraced by CA Board Members. This still needs to be an area of focus and suggest involvement of IIB and LGA (including involvement of Edwina and Democratic Services)</p>	Culture Change Improvement theme (Phase 3)
Leadership	<ul style="list-style-type: none"> •Values (CIVIL) and behaviours for officers and Members agreed and used in all HR policies. Values (CIVIL) embedded in recruitment, objective setting and appraisals •HR policies agreed through Employment Committee •Downward trend in turnover •Improved stability of workforce •External review of communications, engagement and public affairs with input from stakeholders completed, recommendations beginning to be implemented •Continued engagement with staff through staff conferences, surveys and weekly Teams meeting •Development of ongoing programme of continual improvement for CPCA to be seen as a Best Value organisation •Q1&2 Corporate Performance Report presented to CA Board 	<p>Officer & Member behaviours</p> <p>Values based recruitment policy and approach to be signed off by CMT</p> <p>Values to be a key element of 1-1 discussion, appraisals and mid-year review to evidence how values are owned. Initial identification of training needs from 23/24 appraisals and mid-year reviews</p> <p>Coaching and mentoring scheme to be developed</p>	Directorate Business Plan 2024/25
Recruitment, Retention, Reward & Resources	<ul style="list-style-type: none"> •All senior leadership team roles are currently filled by either a permanent appointment or temporary highly skilled and experienced individuals providing capacity, stability and leadership to the agendas to be delivered. •Directorate plans, appraisals and one to ones now in place and working effectively •Staff conferences and survey undertaken on a regular basis 	<p>Permanent Monitoring Officer and Exec Director Resources still to be appointed.</p> <p>Divisional structures below Exec Director to be confirmed and implemented</p> <p>HR working with Exec Directors to ensure the resourcing strategy reflects an agile organization with the skills and experience required to deliver the ambitions of CPCA – and to inform a future operating model to be developed by March 2024</p>	Directorate Business Plan Business Plan 2024/25

Cambridgeshire and Peterborough Combined Authority Independent Improvement Board

(Revised) Terms of Reference

The Cambridgeshire and Peterborough Combined Authority Improvement Board was established by the Combined Authority Board in October 2022 to provide challenge and support to the issues identified in the Improvement Framework report presented to the Combined Authority Board on 27 July 2022.

The Combined Authority was issued a Best Value Notice on 24 January 2023 and the identified issues to be addressed were a focus for the Independent Improvement Board, alongside the concerns identified in the External Auditors letter dated June 2022.

Review

The current agreed terms of reference proposed that the Independent Improvement Board would be in place for 12 months from January 2023. A Best Value Notice issued in January 2023 was a focus for the Board in addition to the concerns set out in the External Auditors letter.

Significant progress has been made in delivering the identified improvements set out in the agreed Improvement plan and this is acknowledged by both the Independent Improvement Board and also the Department for Levelling Up Housing and Communities.

It is also recognised that there is more to do.

In January 2024 a further Best Value Notice was issued for a six month period which set out the expectation on the Combined Authority to continue to improve and, specifically, to:

- Continue with the independent Improvement Board; making full use of its support and engaging with its recommendations over the next six months.
- Continue to implement and embed the changes agreed by the Combined Authority Board as part of the improvement plan.
- Continue to implement and monitor cultural change across the organisation, for both officers and members, with a focus on measurable outcomes.
- Commit, through strong partnership working at both officer and member level, to develop the strategic priorities and aspirations for the area that will benefit local residents, and a credible delivery strategy for progressing these. We hope that this can be achieved through consensus but, if not all stakeholders are ready to fully engage, the opportunity should be left open for them to do so when they feel ready to. This work is also important in informing CPCA's approach to further devolution.

Independent Improvement Board Draft Terms of reference

- Continue to engage regularly with the Department at official level throughout the period of this Notice.

The Independent Improvement Board recognises the role it can play in supporting the Combined Authority deliver on the areas set out above and will therefore stay in place for a further period of time; to be reviewed after six months.

Set out below is the proposed revised Terms of Reference.

1. Purpose

The revised purpose of the Improvement Board is:

- To provide external advice, support, challenge and expertise to Cambridgeshire and Peterborough Combined Authority to ensure focus, grip, pace and effective change on key areas identified in the Best Value Notice January 2024 and any remaining areas of concern set out in the External Auditors letter, June 2022.
- To support the Combined Authority Board in the delivery of identified areas of improvement set out above.
- To provide assurance to the Combined Authority Board and external agencies of the progress on delivering the identified key outcomes and associated activity set out in the revised Improvement plan.
- To identify and share learning and best practice with Members and Officers on all activities included in the Authority's Improvement Plan, including identification of development opportunities for both members and officers.

This will involve:

- Engaging with officers, Combined Authority Board members and external agencies to share insight, expertise and experience.
- Ensuring there is a single, integrated, and holistic Improvement Plan that sets out clearly the key areas of improvement that can be clearly understood and communicated internally and externally.
- To seek and receive regular reports on progress and evidence against identified areas and the effectiveness of actions taken.
- Providing regular advice, challenge, and support to the Combined Authority on the identified improvement activities, and in particular on delivery of the recommendations in the External Auditor letter, June 2022, the Best Value Notice January 2023 and any subsequent updates.

Independent Improvement Board Draft Terms of reference

- Providing written commentary on the Council's progress to the Secretary of State for Levelling Up, Housing and Communities on the Combined Authority's progress.
- Investigating any activity within its terms of reference and seeking any information it requires from any member of staff (in compliance with the Cambridgeshire and Peterborough Combined Authority's Member/Officer Protocol); who will be directed to co-operate with any request made by the Improvement Board.
- Obtaining independent legal or other independent professional advice and to secure the attendance of third parties with relevant experience if it considers this necessary or beneficial to its work.

2. Accountability

- The Independent Improvement Board will be accountable to the Combined Authority Board and respond as required; through agreed reporting mechanisms and timelines to requests for information on progress, key risks and shared learning.
- The Independent Improvement Board will receive reports from the Chief Executive on a regular and timely manner in line with agreed reporting timelines.
- The Independent Improvement Board will ensure the Chairs of Audit & Governance Committee and the Overview and Scrutiny Committee receive regular updates on all improvement action against agreed timelines.
- The Independent Improvement Board will provide the Department for Levelling up, Housing and Communities with an update on a quarterly basis on the level of assurance and confidence it has on the progress being made against key areas of concern.

3. Membership of Independent Improvement Board

Members:

A balance of Members and officers to bring a balance of expertise and experience:

- Independent Chair
- Independent Deputy Chair
- Independent external Member representative of political groups or Independent external members deemed to bring appropriate experience and expertise

Attendees:

- Chief Executive
 - Interim Programme Director, Transformation
 - Combined Authority Board members and constituent council Chief Executives; as determined by the Chair
- Others by invitation

4. Working arrangements:

- Changes to membership can be agreed by the Independent Improvement Board.
- The Board may invite anyone who it believes will be useful in achieving its aims and purpose to attend meetings.
- The Board may request reports from officers and ask that officers attend if required.
- Individuals may raise matters directly with the Board if they are within the agreed remit of the Board through appropriate protocols.
- A&G and O&S Chairs may request to attend meetings on behalf of their committees.
- Democratic management of the meetings will be carried out by officers of the Cambridgeshire and Peterborough Combined Authority.
- The Board will be supported by the programme office to ensure that the revised programme plan is proactively tracked, kept up to date and that issues and identified risks are managed on a day-to-day basis through officers.
- Any costs associated with the Board will be met by Cambridgeshire and Peterborough Combined Authority and the Local Government Association.

5. Improvement Board meetings:

- It is proposed that the Board will be in place for six months from January 2024 and will be reviewed at this time in line with the Best Value Notice review

Independent Improvement Board Draft Terms of reference

- The Board will continue to meet on a bi-monthly basis for six months when a review will take place and the future frequency of meetings agreed.
- Discussion and interaction during the Board meetings will be private to allow and enable constructive dialogue; officers and members being treated with respect and courtesy.
- The minutes of the Board will not be public as the Independent Improvement Board is an advisory board.

6. Venue for meetings

- To be agreed

7. Agenda

- At each meeting the Board will agree the content of the agenda for the next meeting. Standard agenda items should include:
 - Actions from previous meeting
 - Matters considered by the Chair to aid the working of the Board in pursuing its aims
 - Chief Executive's report on progress against the revised improvement plan
 - Communication (if any) from the External Auditor or Department for Levelling up, Housing and Communities
 - Progress and any issues to be communicated to key stakeholders (including staff)
 - Matters to be reported to the Cambridgeshire and Peterborough Combined Authority Board
 - Additional items for the agenda for the next meeting
 - Confirmation of date, time and venue for the next meeting

8. Review

These Terms of Reference will be reviewed after six months.



Cambridgeshire & Peterborough Combined Authority

Internal Audit Progress Report

8 March 2024

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other.

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1 Key messages

The internal audit plan for 2023/24 was approved by the Audit and Governance Committee at the June 2023 meeting. We will continue to work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

2023/24 Planning and Delivery

We have issued three final reports from 2023/24 since the January 2024 Audit and Governance Committee for 2023/24:



- **Key Financial Controls – General Ledger and Income and Debtors (3.23/24)**
- **Business Continuity Planning (5.23/24)**
- **Strategic Planning (7.23/24).**

The Subsidiary Governance audit has also been issued in draft.

The full update in regard to the 2023/24 plan and schedule of work is included below in **Appendix A**.

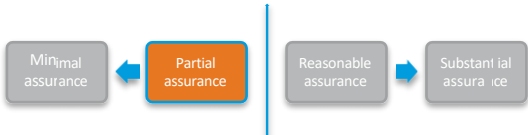
Additional work finalised by Internal Audit - Outside of the annual internal audit plans, we were also commissioned to undertake the following three reviews and final reports have been issued for all three reviews. A number control design and compliance weaknesses were identified in these reviews, and a number of recommendations and management actions were agreed to address these issues.

- Review of Mayor's Expenses Stage
- Analysis of Government Procurement Card Expenditure and Expenses – Deep Dive
- Data Leak Investigation Report

2 Finalised Reports

2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting held in January 2024

Assignment	Opinion issued	Actions agreed		
		L	M	H
Key Financial Controls – General Ledger and Income and Debtors General Ledger <p>We confirmed through our review that the Authority has an approved and up to date Financial Regulations to control the CA's financial matters. Additionally, we also noted an area of effective control design and compliance relating to the CA's month-end timetable.</p> <p>However, we identified control weaknesses for which management actions have been agreed. Specifically, we found lack a of guidance documentation for General Ledger processes, including for the setting up and removing users, the creation, suspension, and closure of cost centres, or month-end processes such as control and bank account reconciliations. We also noted a lack of independent review and approval of new cost centres, journals, and month-end control account reconciliations and the Authority's 2023/24 SLA with PCC had not been signed.</p> Income and Debtors <p>We confirmed through our review that the Authority has generally well-designed and consistently applied controls relating to requesting and approving sales journals and credit notes. Additionally, we identified that the responsibility of reviewing the Authority's financial affairs had been delegated to the Audit and Governance Committee.</p> <p>However, we identified weaknesses in relation to the Authority's Finance Process and Procedure document being out of date and not reflective of the current sales invoice process in place and the absence of a formalised procedure document for chasing and managing aged debts. We also</p>	Partial Assurance 	4	5	0



Assignment

Opinion issued

Actions agreed

L M H

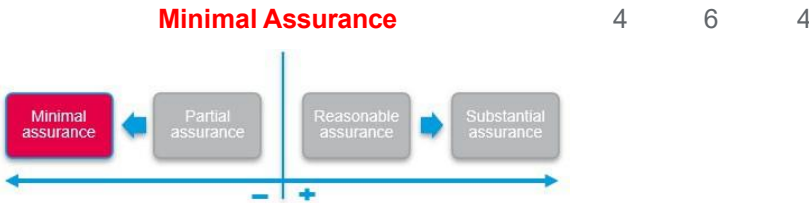
noted the Finance team were in the process of validating the level of debt (and supporting information) held in the old Sales Invoice Register. The debt outstanding was c£536k (excluding invoices to subsidiary companies), although we were not provided details of the debts and the aged debt profile at the time of the review. We have therefore agreed an action in relation to the review of this debt and supporting information.

Business Continuity Planning 5.23/24

Throughout our review, we identified significant control issues in regard to the CA's business continuity and disaster recovery arrangements. However, it is important to note that the CA had engaged with RSM to provide this review, aware that there were areas that required improvement as the Council moves from historically being a commissioning organisation. Since the CA have begun to operate more business-critical services, business continuity arrangements have become more of a priority and the Authority will need to consider resourcing over the longer term. We note that the CA are aware that the business continuity and disaster recovery processes were a work in progress, however, significant and timely action is needed to ensure that control processes are defined, tested and embedded.

Specifically, we identified that CA's Business Continuity Plan, the Business Continuity Policy, Information Security Event Assessment Procedure and Serious Incident Procedure had not been subjected to formal approval, there were inconsistencies in uploads to SharePoint, the Information Security Event Assessment Procedure only provided a framework to respond to IT events and was not a defined recovery plan, and links between the CA's plans and its local partners were yet to be established.

Additionally, the ICT Support Services Contract with Socitm did not outline the roles and responsibilities for business continuity, a dedicated business continuity and disaster recovery planning group had not been established, and communication plans had not been shared with staff. We also found that test plans did not consider multiple scenarios which could threaten business continuity, plans which had been developed had not actually been tested, training was



4 6 4



Assignment

Opinion issued

Actions agreed

L M H

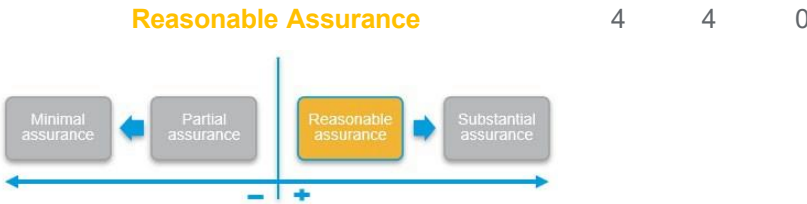
yet to be shared with relevant stakeholders, and gaps were noted in regard to the completion of Business Impact Questionnaires and Business Impact Analysis' documentation.

Finally, we found that the Business Continuity Policy describes the key role that the Emergency Planning Manager has, however the CA had not appointed an Emergency Planning Manager at the time of the review.

Strategic Planning 7.23/24

Overall, we found controls in place to be well designed and complied with in practice. The Authority has ensured appropriate engagement and consultation with stakeholders, established a robust process for review of its Corporate Strategy and is aligning this refreshed strategy with its MTFP, setting out a draft timeline and process for this refresh. The Authority has developed a Quarterly Performance Report for reporting on progress against the Corporate Strategy periodically, and can demonstrate it has developed a Performance Management Framework and Single Assurance Framework, building on requirements required as part of the Improvement Plan. We additionally found that various forums are in place that meet regularly to consider progress, or provide a forum for early engagement, and to provide assurance. However, we found that these forums lack Terms of Reference; specifically these include the Strategic Planning Working Group, CMT,CACEG and the LSM.

We additionally identified weaknesses with respect to the Directorate Business Plans (DBPs) where it was found that a regular and formal process to report on progress internally had not been put embedded during 2023/24, and the plans were not consistently supported by detailed delivery plans such as Gantt charts, plans were not evidenced as approved by CMT or an alternative governance forum, and some of the details in the plans were not fully complete. Additionally, our observation is that evidence is required to provide assurance that DBPs are signed off by Executive Directors, who must demonstrate ownership and accountability for the plans in their respective areas.



Appendix A – Progress against the 2023/24 Internal Audit Programme

There have been **three further 2023/24 reports** finalised since the previous Committee meeting held in January 2024, as highlighted in **bold** below. We also include an update on the remainder of the programme.

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Budget Setting and Budgetary Control 1.23/24	Final Reasonable Assurance	4	1	0	September 2023	September 2023
Governance - Improvement Plan 2.23/24	Final Reasonable Assurance	2	1	0	November 2023	November 2023
Risk Management 4.23/24	Final Reasonable Assurance - Control Design Partial Assurance - Control Compliance	3	1	1	January 2024	January 2024
Project Planning and Delivery - Improvement Plan 6.23/24	Final Reasonable Assurance	3	1	0	March 2024	January 2024
Key Financial Controls 3.23/24	Final Partial Assurance	4	5	0	March 2024 (was January 2024)	March 2024
Business Continuity Planning 5.23/24	Final Minimal Assurance	4	6	4	March 2024	March 2024



Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Strategic Planning 7.23/24	Final Reasonable Assurance	4	4	0	March 2024	March 2024
Subsidiary Company Governance	Draft report issued				June 2024	
Procurement – Improvement Plan (replaces HR Digital Processes)*	Fieldwork in progress				June 2024	
Follow Up (of previous management actions)	8 March 2024				June 2024	
IT Audit	2 April 2024				June 2024	

* Please see Appendix B - Changes to Internal Audit Plan

Appendix B – Other matters

Changes to the audit plan

There has been one change requested to the Internal Audit Plan for 2023/24 since the last Audit Committee Meeting in January 2024. This relates to replacing the **HR Digital Processes** audit with an assurance review into the **Procurement** workstream of the **Improvement Plan**, as requested by the Executive Director of Resources and Performance. The fieldwork period for this assignment has commenced.

Previous change reported to the last Audit Committee

HR Digital Processes – The Executive Director for Resource and Performance had requested to replace the HR Digital Processes audit due to the Authority currently in the process of commencing the procurement of a replacement system for Citrus HR. The view was taken that auditing the Citrus HR system at this stage would not prove beneficial due to known issues and weaknesses with the system, which have led to this replacement exercise.

Annual Opinion 2023/24

The Audit and Governance Committee should note that the assurances given in our audit assignments are included within our Annual Report. In particular, the Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion (this includes follow up reviews, assurance opinions and advisory reviews with any significant weaknesses).

We have issued seven final reports to date (with another four reports to contribute to our opinion). Three of these reports provide a positive assurance rating, one providing a split opinion of reasonable (design) and partial (compliance) on the Risk Management audit. A further three negative opinions have been issued which will impact our year end opinion. We will provide further updates to the Executive Director for Resources and Performance at our regular meetings as the remaining four draft reports are issued and finalised. We will also update the Committee at the next meeting in June 2024. These updates will take into account the reviews from the remainder of the programme (when complete and finalised) and will also consider other relevant factors (for example, the ongoing best value notice).



Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.



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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Cambridgeshire & Peterborough Combined Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

Internal Audit Strategy 2024/25

Presented at the Audit and Governance Committee meeting of: 08 March 2024

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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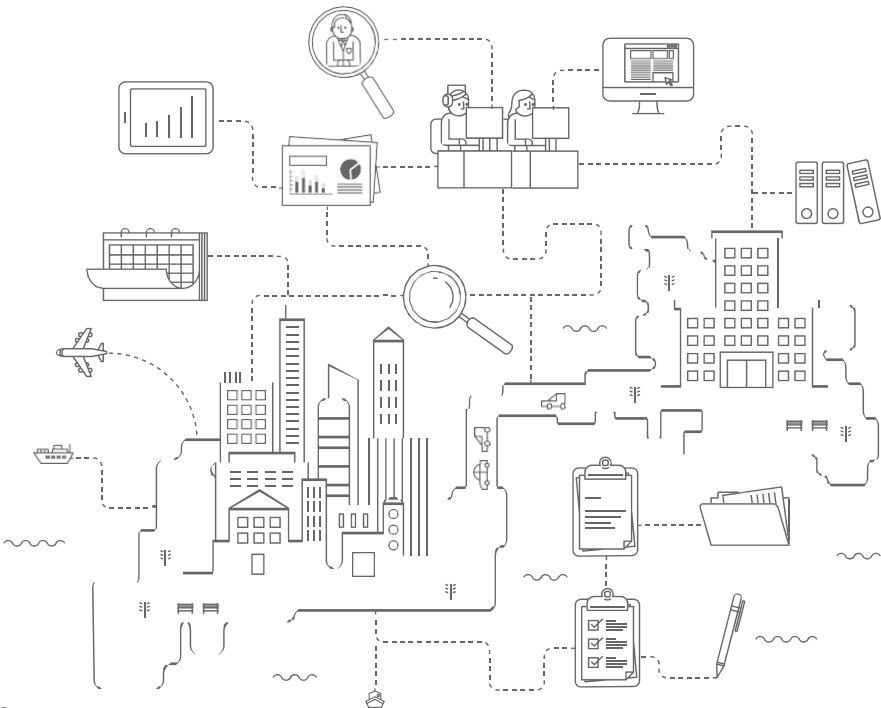
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EXECUTIVE SUMMARY

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Cambridgeshire & Peterborough Combined Authority in the year ahead, including changes within the sector.

The Department for Levelling Up, Housing & Communities issued the Combined Authority with a Best Value Notice on 24 January 2023 as a formal notification of the Department's concerns regarding the Authority. This notice requested that the Authority engages with the Department to provide assurance of improvement. Internal Audit has provided assurance over the development, oversight and monitoring arrangements established regarding the Authority's Improvement Plan during 2023/24 and will continue to do so during 2024/25. The Authority received a further Best Value Notice in January 2024 that recognised the Authority's progress in delivering its agreed improvement plan during the preceding 12 months. However, Ministers remain concerned as to CPCA's capacity to comply with its Best Value Duty under the Local Government Act 1999. The current notice is in place for six months from January 2024.

Our Internal Audit Plan for the Authority is presented for approval by the Audit and Governance Committee at this meeting. The Committee are asked to approve the Internal Audit Plan and associated Internal Audit Charter. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs. The key points to note from our plan are:



Your core team are Dan Harris, Partner and Head of Internal Audit, Nick Fanning, Manager and Alastair Foster, Assistant Manager who are supported by a core team and specialists (Risk Management, IT and Contract Management and Procurement), as required.



Number of deliverables 13



Flexible and agile approach to deliver in order to respond to your needs.



All of our work is costed in line with our contract with you, including the work delivered by specialists.



Technology toolkit – 4 questionnaires, Alteryx, PowerBi

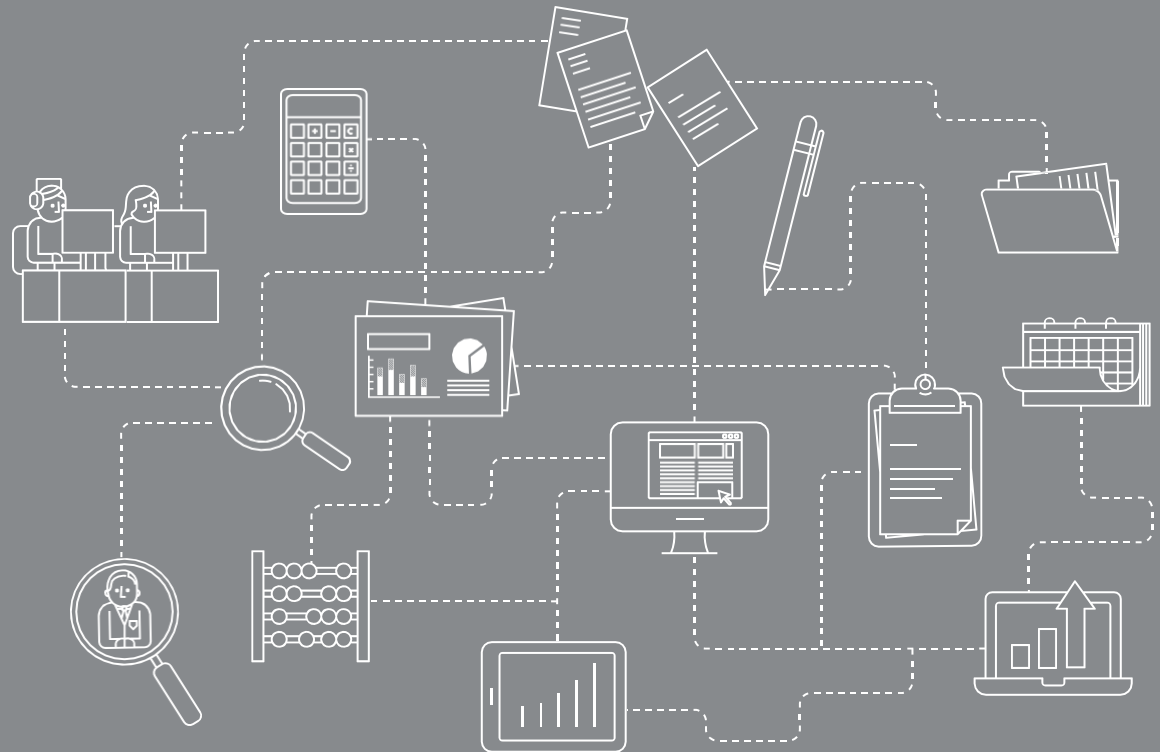


Internal Audit Charter, at Section 3.2.

'RSM generally conforms* to the requirements of the IIA Standards' and RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics'.

Annual Internal Audit Plan and Methodology

01



1.1 INTERNAL AUDIT PLAN 2024/25

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2024/25. The table also details the strategic risks which have focused our internal audit coverage. This review of your risks allows us to ensure that the proposed plan aligns with the organisation's assurance needs for the forthcoming and future years.

	Audit approach	Proposed timing	Proposed AGC Reporting
Core Internal Audit Activity			
Strategic Risks			
Key Financial Controls A rolling cyclical review of the Authority's key financial controls including Payment and Creditors, Income and Debtors, Asset Management, and the management of the General Ledger. Specific coverage will be defined with the Authority's Finance lead. Risk 1117 – Financial Underspend	Risk based	October 2024	March 2025
Workforce Planning and Recruitment and Retention A review of the process in place to define workforce requirements, how vacancies are prioritised and how resourcing needs across the Authority are identified. We will also assess how the Authority have defined their workforce strategy and the supporting activity is aligned to supporting delivery of the Authority's objectives. Our review will further examine the recruitment processes in place from identification to filling of roles and assessment of the timelines and efficiency of processes and that a fair a transparent approach is in operation. We will also assess how the Authority have developed initiatives to identify and retain key staff, how staff are being engaged with across the Authority and how action is taken to improve the working environment. Risk 1015 – Workforce / HR	Risk based	April 2024	July 2024
Improvement Plan To build off work undertaken in 2023/24, we will undertake further work in regard to providing assurance over the Authority's Improvement Plan in regard to the revised Best Value Notice. Risk 1047 – Future Viability of the CA Risk 1088 - Governance - VFM risk relating to governance	Risk based	May 2024	July 2024

	Audit approach	Proposed timing	Proposed AGC Reporting
Staff Mental Health and Wellbeing We will undertake a multifaceted approach to assess the Authority's staff focussed mental health and wellbeing framework including a review of the in-house arrangements and activities, and assess how these processes are operating. We propose to issue an e-survey to all staff on their views on the Mental Health and Wellbeing Support. This review not only will assess the processes in place but will provide insight to the Authority over how these processes are adding value to their workforce and identify potential gaps in support from a staff perspective. This will link into the Authority's Staff Survey outcomes. Risk 1093 – Culture	Risk based	August 2024	09 September 2024
Fraud Risk Assessment Following on from work in this area in 2021/22 the review will be undertaken to identify and assess the organisation's fraud and bribery risk profile and susceptibility to fraud and bribery threats in some operational areas, using RSM's fraud risk assessment methodology. As part of this exercise, we will review the key fraud and bribery risks of the organisation, to ensure that CPCA has processes and procedures in place to mitigate fraud and bribery risks. Risk 1117 – Financial Underspend	Risk based	July 2024	September 2024
IT Systems Development – Stage 1 Change Programme Work to be undertaken over both 2024/25 and 2025/26 internal audit plans focussing on the Authorities Change Programme to assess how robustly this is being managed and governed. This may involve deep dives into specific IT system implementations and will also link into the role of the PMO. Risk 1135 – Cyber Security	Risk based	November 2024	December 2024
Core Assurance General Data Protection Regulations (GDPR) Our work will assess the controls the Authority has in place to comply with the GDPR requirements. The review will sample test arrangements in place and the knowledge of staff in relation to compliance with the regulations and reporting of breaches. This review will be undertaken by our specialist Technology Risk Consulting Team.	System based	July 2024	September 2024
Risk Management The review will follow on from the review undertaken in 2023/24 to assess how the issues with compliance to the revised framework have been implemented and further embedded and to assess the robustness of any further improvements in this area.	System based	December 2024	10 March 2025

	Audit approach	Proposed timing	Proposed AGC Reporting
Data Quality and Performance Management A review to assess the performance management information collated within the Authority, how this is utilised to support key decision making and how it is ensured that the data being scrutinised is accurate and complete and subject to validation to ensure that decisions are being made and informed by accurate data. This will be focused on the gateway review process the Authority are currently going through for gainshare funded projects to facilitate learning from this review in preparation for future reviews.	System based	May 2024	September 2024
Procurement and Contract Management To assess that there are robust processes and consistent application of the Authority's Procurement and Contract Management approach in achieving the procurement of quality services and products and value for money and in ensuring service delivery is in line with contractual expectations. This will lead on from the work being undertaken in 2023/24 in regard to the improvement plan procurement workstream and how the practices are being applied.	Compliance	October 2024	January 2025
Business Continuity A review to formally follow up on the minimal assurance outcome from the 2023/24 internal audit review.	Compliance	October 2024	January 2025
Other Internal Audit Activity			
Advice and Consultancy To provide advice on an ongoing basis on all aspects of governance, risk management and internal control.	Advisory	Throughout the year	Throughout the year
Management This will include annual planning, preparation for, and attendance at, audit and governance committee, regular liaison and progress updates, liaison with external audit and other assurance providers and preparation of the annual opinion.	n/a	Throughout the year	Throughout the year
Follow Up To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Assurance	March 2025	July 2025

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

Working with other assurance providers

The Audit and Governance Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

Conflicts of interest

During 2034/24 we have completed several reviews of grant funding received by the Combined Authority as part of the requirements of the Authority to confirm to funding providers that expenditure has been appropriate in line with the terms of the grants. We were also requested to undertake some risk management support and training, work in relation to the administration of the devolved Adult Education Budget funding and some VAT work.

All this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We also consider as part of any additional engagements the safeguards required to be in place and are satisfied that these have been met. When asked to undertake any additional roles / responsibilities outside of the internal audit programme, the Head of Internal Audit has discussed these areas with the Executive Director for Resource and Performance and highlighted any potential or perceived impairment to our independence and objectivity. We have also reminded the Authority of the safeguards we have put in place to limit impairments to independence and objectivity and how these continue to be managed.

RSM has not therefore undertaken any work or activity during 2023/34 that would lead us to declare any conflict of interest. We will apply the same methodology as mentioned above if we are asked to provide further support in 2024/25. Please note that some of the above engagements are ongoing into 2024/25.

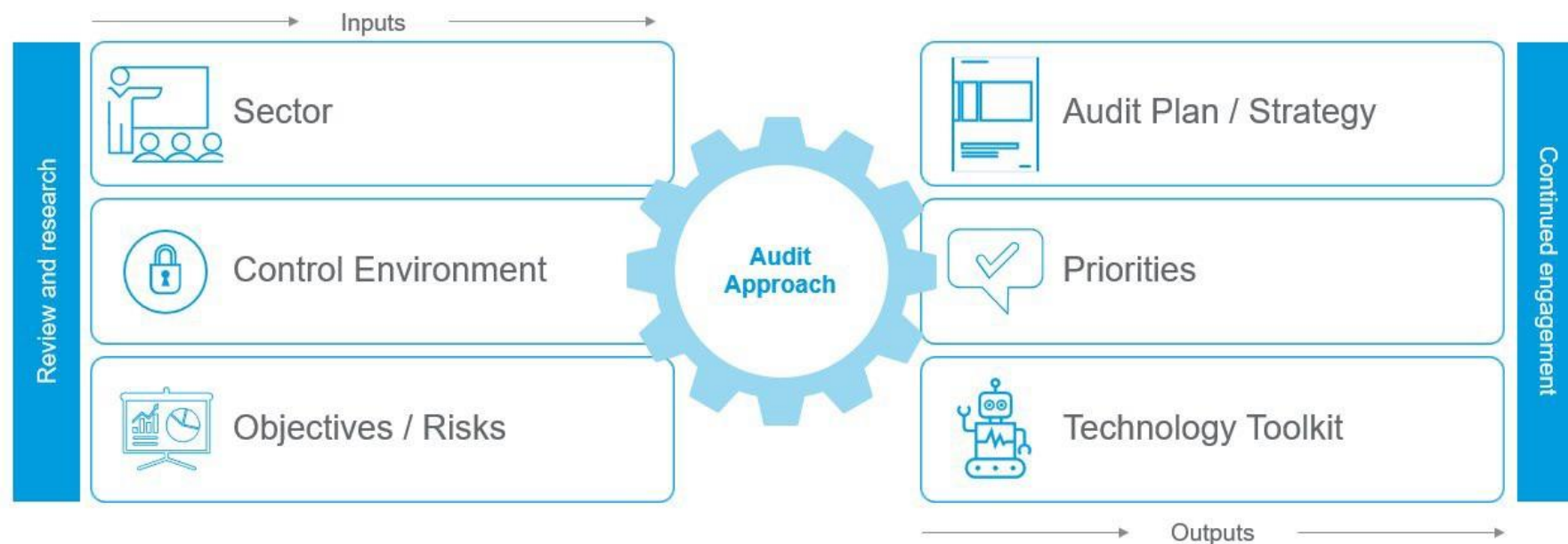
1.2 INTERNAL AUDIT METHODOLOGY

Our approach to developing your internal audit plan is based on analysing your organisational objectives, risk profile and assurance framework as well as other factors affecting Cambridgeshire & Peterborough Combined Authority in the year ahead, including changes within the sector. We also discuss audit priorities and coverage with management and the Audit and Governance Committee (AGC).

Risk management processes

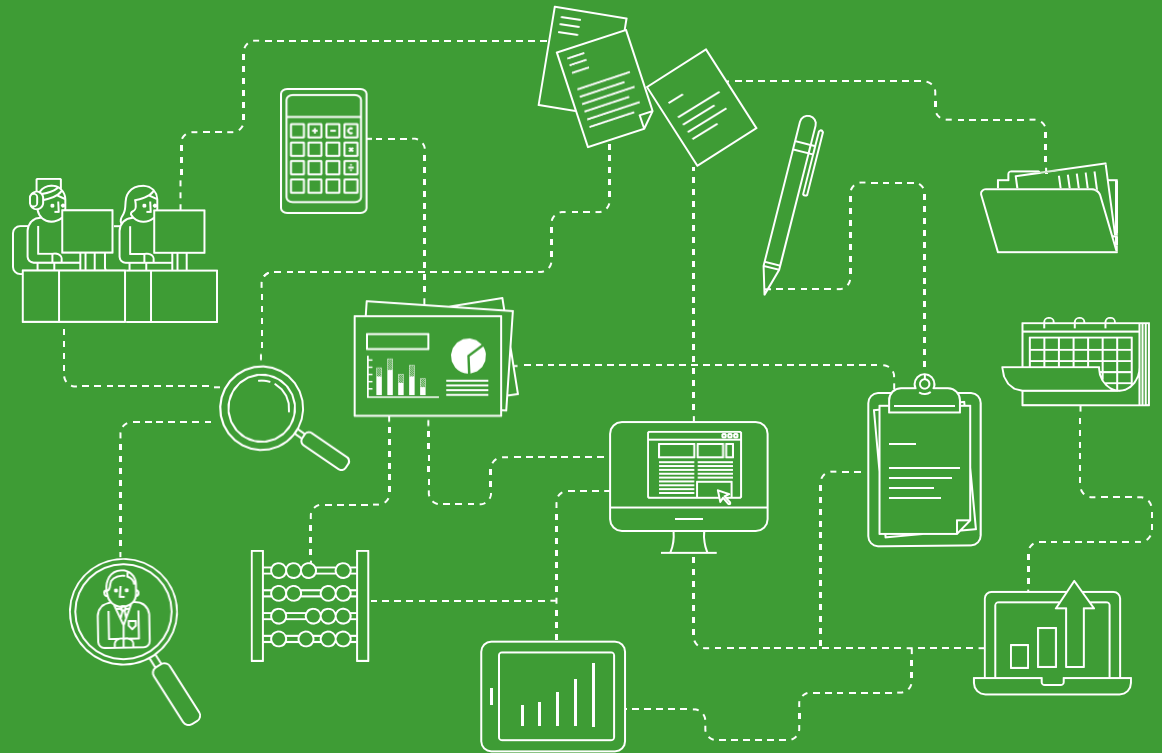
We have evaluated your risk management processes and consider that we can place reliance on the design of your risk registers to inform the internal audit strategy (we did identify some ongoing issues with the compliance with the control framework relating to updating controls and assurances on the registers). We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management to develop your annual audit plan and high-level strategic plan (See Section 2.1 and 3.2).

Figure A: Audit considerations when developing the Internal Audit Strategy.



Your Internal Audit Strategy 2024 - 2027

02



2.1 INTERNAL AUDIT STRATEGY 2024/25 TO 2026/27

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1.1 above, as well as our own view of the risks facing the sector as a whole.

Audit Area	Risk	2021/22	2022/23	2023/24	2024/25	2025/26	Future Years
<u>Governance / Commercial</u>							
Energy Hub			Partial Assurance				✓
Climate Change Strategy						✓	
Environment, Social and Governance (ESG Maturity)							✓
Strategic Planning	CR 5			Reasonable Assurance			
HR Digital Processes	CR 3						✓
Project Planning and Delivery – Governance	CR 15 & 16			Reasonable Assurance			
Project Planning and Delivery – Improvement Plan	CR 16 & 21			Reasonable Assurance			
Procurement – Improvement Plan	CR 16			✓			
Improvement Plan	Risk 1047				✓		
Local Industry Strategy						✓	

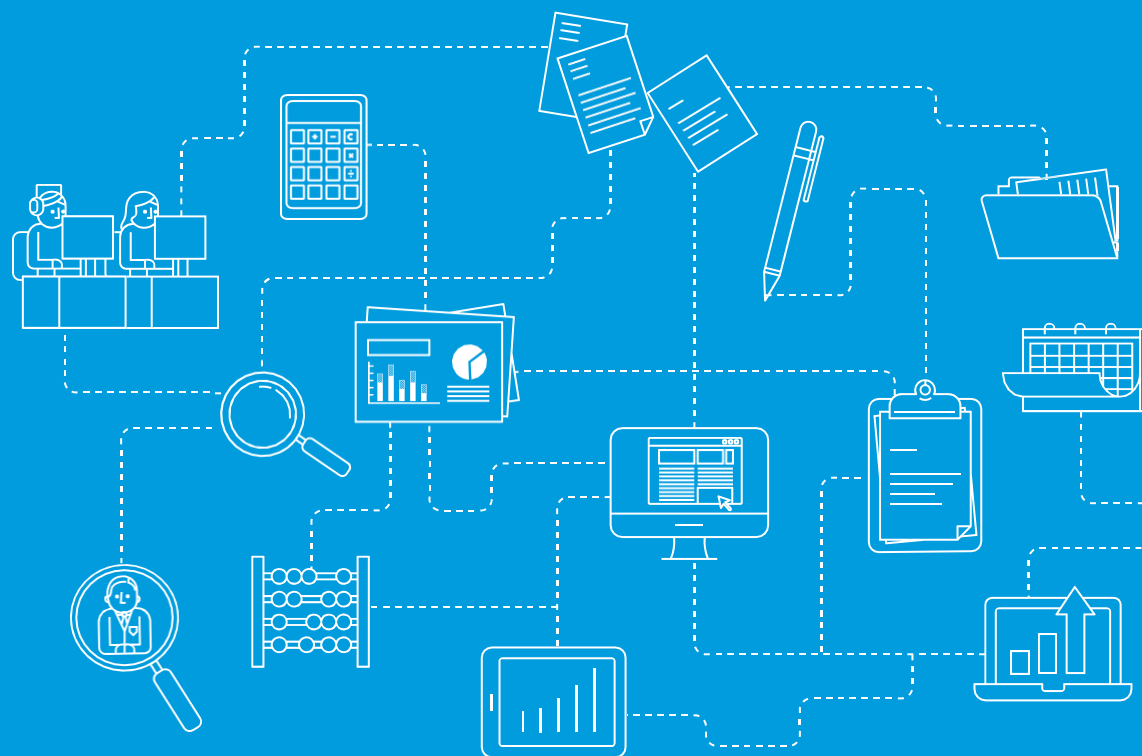
Audit Area	Risk	2021/22	2022/23	2023/24	2024/25	2025/26	Future Years
Local Transport Plan						✓	
Skills Strategy						✓	
Adult Education Budget		Reasonable Assurance					
COVID 19 – Capital Grants							
Affordable Housing Programme			Partial Assurance				
IT Controls / Cyber / IT Systems Development	CR 7 & 26 Risk 1135		Partial Assurance	✓	✓		
Data Protection / GDPR			Advisory		✓		✓
Declarations of Interest						✓	✓
Governance, Transparency and Decision Making							
CAM Project – Governance and Decision Making		Advisory					
Cross Charging of Corporate Services						✓	
Subsidiary Company Governance	CR 17	Minimal Assurance	Reasonable Assurance	✓		✓	✓

Audit Area	Risk	2021/22	2022/23	2023/24	2024/25	2025/26	Future Years
Business Continuity and Disaster Recovery				Minimal Assurance	✓		✓
Procurement and Contract Management					✓		
Fraud Risk Assessment		Advisory			✓		✓
Capital Programme		Reasonable Assurance					
Budget Setting and Budgetary Control	CR 7 & 21 Risk 1117			Reasonable Assurance			
Succession Planning						✓	
Staff Mental Health and Wellbeing	Risk 1093				✓		
Equality Diversity and Inclusion					✓		
Recruitment and Retention					✓		
Data Quality and Performance Management					✓		✓
Workforce Planning and Development	Risk 1015				✓		
Risk Management			Partial Assurance	Reasonable Assurance (Design)	✓	✓	✓

Audit Area	Risk	2021/22	2022/23	2023/24	2024/25	2025/26	Future Years
				Partial Assurance (Compliance)			
Key Financial Controls / Core Control Framework		Reasonable Assurance		Partial Assurance	✓	✓	✓
Payroll		Reasonable Assurance				✓	
Follow Up		Advisory	Reasonable Progress	✓	✓	✓	

Your Internal Audit Service and Internal Audit Charter

03



3.1 YOUR INTERNAL AUDIT SERVICE

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Compliance with GovS009 Internal Audit Functional Standard

RSM affirms compliance with the requirements of the GovS009 Internal Audit Functional Standard. The Functional Standards are there to support compliance and continuous improvement across UK government for those working in and 'with' government. RSM is undertaking the self-assessment against the mandatory 'shall' elements of the Functional Standards and, as the Functional Standard is consistent with the requirements of our own policies and audit manual, RSM are embedding the requirements within our audit methodology.

Working with other assurance providers

The AGC is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

3.2 INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Cambridgeshire & Peterborough Combined Authority. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the AGC.

The internal audit service is provided by RSM UK Risk Assurance Services LLP ('RSM').

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- [Core principles for the professional practice of internal auditing](#)
- Definition of internal auditing
- Code of ethics
- The Standards

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to Dan Harris (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the AGC Chair. Your Head of Internal Audit Dan Harris has been in place for four years. The Internal Audit Code of Practice as published by the Chartered IIA suggests that this is brought to the attention of the AGC to review and confirm your assessment on the independence of your internal audit services.

To assist the assessment; RSM is able to remain independent for the following reasons:

- As an outsourced provider of internal audit services to Cambridgeshire and Peterborough Combined Authority, independence is inherent in our delivery and audit methodology.
- Our internal auditors do not have any operational responsibilities across Cambridgeshire and Peterborough Combined Authority.
- No member of the audit team is employed by Cambridgeshire and Peterborough Combined Authority.

- The Head of Internal Audit reports to the Chief Executive and AGC Chair.
- RSM methodology includes a second partner review (by another Head of Internal Audit who does not work on Cambridgeshire and Peterborough Combined Authority of the annual plan, the year-end annual report and opinion.
- The Internal Audit Charter details our role and responsibilities and the authority we have which enables us to undertake our internal audit service.

The Head of Internal Audit has unrestricted access to the Chair of AGC to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to the Cambridgeshire and Peterborough Combined Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the AGC. The nature of the disclosure will depend upon the potential impairment, and it is important that our role does not appear to be compromised in reporting the matter to the AGC. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

During 2023/24 we have completed several reviews of grant funding received by the Combined Authority as part of the requirements of the Authority to confirm to funding providers that expenditure has been appropriate in line with the terms of the grants. We were also requested to undertake some risk management support and training, work in relation to the administration of the devolved Adult Education Budget funding and some VAT work.

All this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We also consider as part of any additional engagements the safeguards required to be in place and are satisfied that these have been met. When asked to undertake any additional roles / responsibilities outside of the internal audit programme, the Head of Internal Audit has discussed these areas with the Executive Director for Resource and Performance and highlighted any potential or perceived impairment to our independence and objectivity. We have also reminded the Authority of the safeguards we have put in place to limit impairments to independence and objectivity and how these continue to be managed.

RSM has not therefore undertaken any work or activity during 2023/24 that would lead us to declare any conflict of interest. We will apply the same methodology as mentioned above if we are asked to provide further support in 2024/25. Please note that some of the above engagements are ongoing into 2024/25.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the AGC for review and approval each year before work commences on delivery of that plan.

- Implement the internal audit plan as approved, including any additional tasks requested by management and the AGC.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the AGC to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management – who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- The Board – The highest-level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, 'board' may refer to a committee or another body to which the governing body has delegated certain functions (eg an AGC).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope four weeks before the agreed audit start date.
- Key information such as the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date.

- The lead auditor to contact the client to confirm logistical arrangements at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 15 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.

Within five working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the AGC.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

- An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the AGC. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.
- The internal audit service will issue progress reports to the AGC and management summarising outcomes of audit activities, including follow up reviews.

- As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.
- As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the AGC.

Fraud

The AGC recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the AGC recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the AGC is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

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We are committed to delivering an excellent client experience every time we work with you. If you have any comments or suggestions on the quality of our service and would be happy to complete a short feedback questionnaire, please contact your RSM client manager or email admin.south.rm@rsmuk.com.

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Cambridgeshire & Peterborough Combined Authority and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



Audit and Governance Committee		Agenda Item
08 March 2024		9
Title:	Adult Education - Audit and Assurance Update	
Report of:	Janet Warren, Commissioner - Adult Education	
Lead Member:		
Public Report:	Exempt annex	
Key Decision:	No	
Voting Arrangements:	No vote required	

Recommendations:

A	Note the Audit results for 2022/23
B	Note the Audit approach for 2023/24

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

✓	Achieving ambitious skills and employment opportunities
✓	Achieving good growth

1. Purpose

1.1	The purpose of this report is to: <ul style="list-style-type: none">• Update the Committee about the Funding Assurance Audits for 22/23 and any key issues• Outline improvements identified as a result of audit
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2. Background

2.1	The Combined Authority seeks its own assurance as to the effectiveness of providers' eligible spend on Adult Education and Free Courses for Jobs funding which it receives from the Department of Education. The funding assurance work is carried out by independent Audit firms.
2.2	Under the CPCA's devolution agreement of 2018, certain Adult Education functions were transferred from the Secretary of State for Education to the Combined Authority, including a recurrent annual budget of c£12m for Adult Education (AEB). The purpose of this money is to fund courses that enable residents to improve their employment prospects, improve in-work progression and improve health and wellbeing.

2.3	Additionally, from 2022, the Combined Authority receives £800k from the National Skills Fund to support Level 3 skills provision (equivalent to A Level standard). This provision is called Free Courses for Jobs (FCFJs).
2.4	Devolved Authorities are responsible for commissioning and contracting adult education provision in their areas. They commission two types of Learning Organisations: grant funded and independent training providers (ITP). Grant funded organisations are public institutions, such as Local Authorities and Further Education colleges. ITPs are private organisations.
2.5	The Combined Authority is required by the Department for Education (DfE) to provide assurances over the use of AEB and FCFJ funding through its commissioned provider base, including submitting assurance letters on an annual basis with details of the assurance work undertaken.

3. Process and Criteria for Audit

3.1	For the 2022/23 academic year, the CPCA requested testing of five of its twenty-four providers. The sample size included: <ul style="list-style-type: none"> • 1 Local Authority • 1 Further Education College • 3 Independent Training Providers
3.2	Providers are selected for audit on a risk basis which considers a number of factors, including the results of their last audit, the date of their last audit, Ofsted grade, and any intelligence or issues which may have been highlighted through performance management controls.
3.3	The audit process was based on a standardised funding assurance approach which included sample sizes and funding streams, for both the Adult Education Budget and Free Courses for Jobs. All activity was conducted in accordance with the Education & Skills Funding Agency's (ESFA) funding assurance methodology, designed to enable Auditors to check final funding claims (based on Individual Learner Records) against the relevant funding rules. The audits obtained all relevant information and sufficient evidence to enable CPCA to express an opinion on the use of claimed funds over the academic year.
3.4	In response to providers delivering learning aims at a significantly reduced amount of Guided Learning Hours (GLH) ¹ , in 22/23 the CPCA introduced a policy to sample check learning aims to ensure delivery is within 75% of the Ofqual recommended minimum GLH where the provider is continuing to claim 100% of the funding. This approach is deployed by other Mayoral Combined Authorities and will be reviewed annually to ensure delivery quality and best value for money.
3.5	NB: A separate provider review was carried out to re-test learning support claims during 21/22 and 22/23

4. Summary of 2022/23 Audit Results

4.1	Of this year's audit sample, four out of five providers were within the 5% tolerance level, showing a conclusion of satisfactory use of funds, with all our ITP's having an error rate of less than 0.2%.
4.2	The conclusion over use of funds is based on the sample error rate. Audit requirements allow providers a tolerance of 5%, as defined by the Education and Skills Funding Agency, anything over this results in a conclusion of unsatisfactory.
4.3	Within satisfactory conclusion results, instances have been identified where a provider's arrangements for delivery do not fully comply with the CPCA funding rules, for example with subcontracting controls. Providers are responsible for implementing adequate and effective controls to ensure compliance with the funding rules, and these instances will be followed up by CPCA officers.
4.4	Typically, these errors are due to incomplete, or inaccurate reporting on the Individual Learning Record, or insufficient evidence of learning being held to support the level of funding being claimed.

¹ The number of hours that an average learner is expected to need in order to complete a qualification or course

	Providers have the opportunity to correct errors, or to provide additional evidence to reduce the potential of clawback.
4.5	For audits completed for 2022/23 where funding errors have been identified, and final ILRs have not been corrected, the Combined Authority is in the process of recovering funding via invoicing.

5. 2022/23 Funding Year – Funding Assurance Review in Detail

5.1	Provider 1	<p>Audit firm: Mazars Results: Funding errors identified FCFJs error rate: 21.92% AEB error rate: 12.03% Total error rate: 14.62%</p> <p>Conclusion: Unsatisfactory use of funds Funds to be recovered if not corrected in final ILR: £9,764</p>
	Provider 2	<p>Audit firm: Mazars Results: Funding errors identified FCFJs error rate: 3.7% AEB error rate: 0% Total error rate: 1.39%</p> <p>Conclusion: Satisfactory use of funds Funds to be recovered if not corrected in final ILR: £987</p>
	Provider 3	<p>Audit firm: RSM Results: Funding errors identified FCFJs error rate: 0% AEB error rate: 0% Total error rate: 0%</p> <p>Conclusion: Satisfactory use of funds Funds to be recovered if not corrected in final ILR: £0</p>
	Provider 4	<p>Audit firm: Mazars Status: Completed Results: No funding errors identified FCFJs error rate: NA AEB error rate: 0% Total error rate: 0%</p> <p>Conclusion: Satisfactory use of funds Funds to be recovered if not corrected in final ILR: £0</p>
	Provider 5	<p>Audit firm: Mazars Results: Funding errors identified FCFJs error rate: NA AEB error rate: 0.02% Total error rate: 0.02%</p> <p>Conclusion: Satisfactory use of funds Funds to be recovered if not corrected in final ILR: £23</p>
	A separate review was carried out to re-test learning support claims during 21/22 and 22/23	
	Provider 6	<p>Audit firm: RSM Results: Funding errors identified Total error rate: - 26.9% 21/22 - 0% 22/23</p> <p>Conclusion: Unsatisfactory use of funds (21/22) Funds to be recovered if not corrected in final ILR: £99,294</p>

6. Improvements Identified for 23/24

6.1	The audit findings form part of our internal continuous improvement cycle and actions and controls are
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	<p>being implemented to improve compliance and strengthen practice going forwards. This includes:</p> <ul style="list-style-type: none"> • Allocating dedicated staffing capacity for Audit, Assurance, and Compliance functions within the Skills team • Implementing a new framework for Audit, Assurance and Compliance that complies with the Combined Authority's Single Assurance Framework to ensure appropriate measures are in place for devolved skills funding • Improved monitoring of monthly data returns to identify anomalies in the submission so that these may be investigated and rectified in a timely manner • Strengthening the AEB Funding Rules and publishing further guidance as necessary • Chairing and hosting the ESFA, DfE and Mayoral Combined Authority working group on Audit, Fraud, and Investigation (AAFI Network) to share intelligence and best practice within the sector
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7. Next Steps

7.1	The Combined Authority will start the next programme of funding audits by July 2024, with final reports due by December 2024.
7.2	To allow for full compliance testing against CPCA funding and performance management rules, the Combined Authority is developing audit guidance, which will be based on the ESFA's national approach, and reflecting the Combined Authority's own funding guidance.
7.3	To select the audit sample for 2023/24, a risk-based approach will be adopted to identify AEB/FCFJs providers. All providers will be given a four week notice of the Audit in order to prepare.
7.4	The audits will be concluded within the current academic year, allowing for any identified funding errors can be corrected in-year via the Individualised Learner Record (ILR), allowing providers to have far greater control of their Management Information.

8. Appendices

8.1	Exempt appendices to cover detail related to the proposal
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9. Implications

Financial Implications

9.1	Audit costs are budgeted from the AEB top slice that is used to facilitate the administration costs of the programme. The Combined Authority will recover funds from those providers who are deemed to have unsatisfactory use of funds.
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Legal Implications

9.2	<p>Section 3 of the Local Government Act 1999 requires that a best value authority, which includes the CPCA, must plan to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.</p> <p>Schedule 12 A allows for items to be exempted from publication if the Information relates to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.</p>
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Public Health Implications

9.3	N/A
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Environmental & Climate Change Implications

9.4	N/A
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Other Significant Implications

9.5	N/A
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Background Papers	
9.6	N/A



Audit & Governance Committee		Agenda Item
8 March 2024		10
Title:	Constitution Review – Changes to Code of Conduct & review of Committees Terms of Reference	
Report of:	Edwina Adefehinti	
Lead Member:	Cllr Edna Murphy- Governance	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	Majority	

Recommendations:

A	The committee considers, the Terms of Reference and determine whether there is any need for change.
B	The Committee is invited to consider the matters raised in this report and make recommendations to the Combined Authority Board on whether the Local Government Model Code of Conduct be adopted in full or part
C	The Committee is invited to consider whether the associated guidance on the Model Code of Conduct should be adopted in full or in part.
D	The committee is invited to consider whether the associated guidance on complaint handling should be adopted in full or in part

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

	The report improves the CPCA's corporate governance framework and helps to protect the interests of the CPCA and promote best value.
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1. Purpose

1.1	To place before the committee, the Local Government Association's ("LGA") Model Code of Conduct, plus supporting guidance, for the Committee to consider adoption of the Code in whole or in part along with the connected guidance.
1.2	To place before the Committee, suggested amendments to the Code of Conduct.

1.3	To get a steer from the Committee on its Terms of Reference
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2. Proposal

2.1	For the Committee to consider whether any changes are required to its Terms of Reference
2.2	For the Committee to consider guidance, codes and procedures as are required to keep the ethical culture of the Authority under review.
2.3	For the Committee to consider the present hearings process and determine whether changes are required and to keep the process under review.
2.4	<p>For the Committee to consider</p> <ul style="list-style-type: none"> • whether the Model Code should be adopted in its entirety • Whether the Combined Authority's existing arrangements could be amended by including elements taken from the Model Code; • Timeframes for both adoption of a new code and guidance • Requirements for Member training.

3. Background

3.1	<p><u>Member Code of Conduct</u></p> <p>This report proposes that the Combined Authority adopts the LGA Model Code of Conduct. The current Member Code of Conduct appears to have been adopted and has been in force since inception of the CPCA.</p> <p>This Committee is invited to consider the arrangements that should be in place for a Member Code of Conduct from June 2024. In forming a view about this, the Committee should consider the current Member Code of Conduct as well as the Local Government Association Model Code of Conduct. Further detail about both the current Member Code of conduct and the LGA Model Code of conduct are set out below and in Appendices 1 and 2.</p> <p><u>The Current Member Code of Conduct</u></p> <p>The Current code complies with statutory requirements as it: -</p> <ul style="list-style-type: none"> • deals with the conduct that is expected of members and co-opted members of the authority when they are acting in that capacity. • Is consistent with the Seven Principles of Public Life, also known as the Nolan Principles • includes provision for and requirements relating to registration and disclosure of pecuniary and non-pecuniary interests. <p><u>The Local Government Association Model Code of Conduct</u></p> <p>The Local Government Association (LGA) has developed a Model Member Code of Conduct, in association with partners and after consultation with Public Sector organisations. A copy of the Model Code is attached at Appendix 2. The Model Code is a template for Local Authorities to adopt in whole and/or with local amendments.</p>
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The aim of the Model Code is to enhance the consistency and quality of local authority codes, in line with the recommendations of the Committee on Standards in Public Life in their review of Local Government Ethical standards.

Sitting behind the Model Code, the LGA has produced Guidance on the interpretation of the Code and on the handling of complaints.

A suite of documents is attached to this report for Members' consideration, as follows:

The CPCA's current Standards documents:

Appendix 1: The CPCA's current Members' Code of Conduct and complaints procedure:

<https://cambridgeshirepeterborough-ca.gov.uk/wp-content/uploads/documents/key-documents/constitution/CA-Board-Aproved-Constitution-November-2023.pdf>

Appendix 2: Hearing Procedure

<https://cambridgeshirepeterborough-ca.gov.uk/wp-content/uploads/documents/key-documents/constitution/CA-Board-Aproved-Constitution-November-2023.pdf>

The LGA's Model Code and Supporting Guidance:

Appendix 3: The LGA's Model Code of Conduct: <https://www.local.gov.uk/publications/local-government-association-model-councillor-code-conduct-2020>

Appendix 4: The LGA's Guidance on the Model Code of Conduct: <https://www.local.gov.uk/publications/guidance-local-government-association-model-councillor-code-conduct>

Appendix 5: The LGA's guidance on Complaint Handling: <https://www.local.gov.uk/publications/guidance-member-model-code-conduct-complaints-handling>

Members are invited to consider to what extent they wish to adopt the Model Code of Conduct and supporting guidance.

Legal and Constitutional matters

The Combined Authority Board is required to adopt a Member Code of Conduct under s.27 of the Localism Act 2011 and the Code must comply with the requirements of s.28 of the Localism Act 2011.

The current Member code of Conduct is one of the Codes and Protocols in Part 16 of the Constitution.

This committee is responsible for advising the Combined Authority Board on the adoption and operation of the Member Code of Conduct and for making recommendations for change.

Committee on Standards in Public Life

On 30 January 2019, the Committee on Standards in Public Life (CSPL) produced a report

on Local Government Ethical Standards. The report found that there is considerable variation in the length, quality and clarity of local authority Codes of Conduct. CSPL made various formal and best practice recommendations intended to improve local government ethical standards and improve public confidence in the arrangements. The Government responded to these recommendations in March 2022 (links below under Background Papers).

The first recommendation was that the Local Government Association should create an updated Model Code of Conduct, in consultation with representative bodies of members and officers of all tiers of local government.

The Localism Act 2011 states that relevant authorities must promote and maintain high standards of conduct by members and co-opted members. It requires these authorities to adopt a Code of Conduct for their Members. It is for individual local authorities to set their own local code.

The Committee on Standards in Public Life also made recommendations in relation to best practice. These can be found in the link- https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/777315/6.4896_CO_CSPL_Command_Paper_on_Local_Government_Standards_v4_WEB.PDF

There are 15 recommendations:

1. Include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment.
2. Include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment,
3. Provisions requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.
4. Review of code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.
5. Publish a clear and straightforward public interest test against which allegations are filtered.
6. Have access to at least two Independent Persons.
7. An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.
8. Have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.
9. Procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.
10. Include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment,
11. Provisions requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.
12. Review of code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.
13. Publish a clear and straightforward public interest test against which allegations are filtered.
14. Have access to at least two Independent Persons.

15. An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation and should be given the option to review and comment
16. Have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.
17. Procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

The current Code and updated procedure for dealing with complaints mostly complies with the recommendations from the Committee on Standards in Public Life. However, the current Code does not contain the principle of civility.

Furthermore, whilst it is customary to review the Code of Conduct in advance of the next local elections, the Code of Conduct is not currently reviewed on an annual basis. Members may wish to consider this when deciding how best to proceed.

The Model Code of Conduct is the first recommendation in the Ethical Standards report and the Government has noted the production of the Model Code in its response to the report, whilst highlighting that it remains a local decision on whether to adopt it or not.

The intention is that the updated Model Code of Conduct establishes a consistent benchmark that local authorities can amend or add to as they see fit to reflect local circumstances and priorities.

3.2 Local Benchmarking

From a brief review of other neighbouring and Combined Authorities' Member Codes of Conduct:

Authority	Status
Cambridge City Council	Reviewing whether they adopt
Cambridge County Council	Looking to adopt
East Cambridgeshire District Council	Reviewing whether to adopt
Fenland District Council	Not adopted
Huntingdonshire District Council	Adopted
Peterborough City Council	Not adopted
South Cambridgeshire Council	Adopted
Greater Manchester Combined Authority	Reviewing whether to adopt
West Midlands Combined Authority	Adopted
South Yorkshire Combined Authority	Not adopted
West Yorkshire Combined Authority	Not adopted
West Of England Combined Authority	Looking to adopt
Greater London City Council	Not adopted
Liverpool City Region	Not adopted
Northeast Combined Authority	Not adopted
Tees Valley Combined Authority	Not adopted
East Midlands Combined Authority	Not adopted, Recently established
York and North Yorkshire	Not adopted Recently established

3.2 *Alternative options considered:*

The options available for the Committee's consideration are to make no changes to the Combined Authority's current Codes and procedures, adopt some or all of the LGA's Model

	Code and/or guidance or to introduce other changes to the Code of Conduct not covered by the LGA's Model Code.
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4. Appendices

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| 4.1 | <p>Appendix 1 – Current Member Code of Conduct and complaints procedure- https://cambridgeshirepeterborough-ca.gov.uk/wp-content/uploads/documents/key-documents/constitution/CA-Board-Approved-Constitution-November-2023.pdf</p> <p>Appendix 2: Hearing Procedure- https://cambridgeshirepeterborough-ca.gov.uk/wp-content/uploads/documents/key-documents/constitution/CA-Board-Approved-Constitution-November-2023.pdf</p> <p>Appendix 3: The LGA's Model Code of Conduct: https://www.local.gov.uk/publications/local-government-association-model-councillor-code-conduct-2020</p> <p>Appendix 4: The LGA's Guidance on the Model Code of Conduct: https://www.local.gov.uk/publications/guidance-local-government-association-model-councillor-code-conduct</p> <p>Appendix 5: The LGA's guidance on Complaint Handling: Guidance on Member Model Code of Conduct Complaints Handling Local Government Association</p> <p>Appendix 6- LGA 2023 survey showing 63% of Councils have adopted the model code of conduct for members:</p> <p>https://www.local.gov.uk/sites/default/files/documents/Code-of-Conduct-Survey-Research-Report-July-2023-AA.pdf</p> <p>Appendix 7- Audit & Governance Committee Terms of Reference- https://cambridgeshirepeterborough-ca.gov.uk/wp-content/uploads/documents/key-documents/constitution/CA-Board-Approved-Constitution-November-2023.pdf</p> |
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5. Implications

Financial Implications

- | | |
|-----|---|
| 5.1 | A strong and effective Code of Conduct underpins good governance and good decision making and supports Best Value |
|-----|---|

Legal Implications

- | | |
|-----|--|
| 6.1 | <p>Under the Constitution this committee has the responsibility:</p> <ul style="list-style-type: none"> • for ensuring the Combined Authority has effective policies and processes in place to ensure high standards of conduct by its Members and Co-opted Members • for assisting the Members and Co-opted Members to observe the Code of Conduct and • for implementing the obligation to ensure high standards of conduct amongst Members |
|-----|--|

	<p>This responsibility includes advising on the Members' Code of Conduct and associated guidance. Changes to the Code of Conduct and the Constitution are, however, reserved to the Combined Authority Board and any recommendation for changes to the Code of Conduct, which forms part of the Constitution, would need to be made to the Combined Authority Board</p> <p>The Members' Code of Conduct is set out in the constitution. The CPCA's arrangements in Chapter 16 of the constitution, under which complaints about Member conduct are investigated and decided to comply with the relevant provisions of the Localism Act 2011. All complaints are dealt with in consultation with one of the CPCA's Independent Persons.</p> <p>Considering best practice and implementing improvements will help maintain sound corporate governance and the integrity of local authority decision making.</p> <p>Under the Localism Act 2011 all Local Authorities must adopt a code of conduct dealing with the conduct that is expected of Members and co-opted Members when that are acting in that capacity. There is no national prescribed version of a code in England and no obligation to adopt a particular model.</p> <p>The Code must be consistent with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Local Authorities must also ensure that their codes include appropriate provisions about declaring pecuniary and other interests.</p> <p>The Combined Authority will publicise its adoption, revision or replacement of a Code of Conduct in such manner as it considers is likely to bring the adoption, revision or replacement of the code of conduct to the attention of persons who live in its area. This will be on the Combined Authority's website.</p>
Public Health Implications	
7.1	
Environmental & Climate Change Implications	
8.1	
Other Significant Implications	
9.1	
Background Papers	
10.1	<p>Local Government Ethical Standards A Review by the Committee on Standards in Public Life ("the Ethical Standards report") January 2019: Local Government Ethical Standards January 2019 (publishing.service.gov.uk)</p> <p>Government's response to the Ethical Standards report: https://assets.publishing.service.gov.uk/media/62346bc3e90e0779a31e082b/Government_response_to_CSPL_review_of_local_government_ethical_standards.pdf</p>



Audit & Governance Committee		Agenda Item
8 March 2024		11
Title:	Shareholder board update	
Report of:	Edwina Adefehinti	
Lead Member:	Cllr Edna Murphy- Governance	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	N/A	

Recommendations:

A	Note the update regarding the shareholder board
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Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

	A report on the activities of the shareholder board will assist this committee in assessing whether partly or wholly owned companies of the combined authority successfully each entity supports the combined authority's policies and strategies, and will also assist in reviewing risks relating to these entities and establish whether they are effectively managed and scrutinised and have a strong governance framework.
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1. Purpose

1.1	To provide an update to this committee on progress made so far, by the Shareholder Board.
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2. Proposal

2.1	To receive updates at intervals and to remind this committee that a member of this committee may attend a shareholder board meeting as an observer.
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3. Background

3.1	In November 2022, the Combined Authority Board approved the establishment of a shareholder Board with delegations to oversee, interface, and engage with its partially or wholly owned Companies.
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3.2	<p>Progress has been made on appointing members of the shareholder Board and a meeting took place on 7 June 2023. Another meeting is taking place on Monday 4th February 2024.</p> <p>At the meeting on 7 June 2023, as part of the agenda item, the Board received the detailed final report of the subsidiary companies deep-dive conducted by internal auditors RSM (UK) which was undertaken as part of the approved internal audit plan 2022/23. The Board heard that the purpose of the review was to allow the Combined Authority Board to take assurance over the design and effectiveness of the governance and reporting arrangements between the CA and their subsidiary companies. This included the provision of secretarial support, risk management, and conflict of interests. It was confirmed that a deep-dive focussed on the Cambridgeshire & Peterborough Business Growth Company (GrowthCo) and the Peterborough R&D Property Company (PropCo2).</p>
3.3	The Shareholder Board will merge into the new Investment Committee which is soon to be established.

4. Appendices

4.1	<p>Appendix 1- Investment committee Terms of reference: Document.ashx (cmis.uk.com)</p> <p>Appendix 2- EXEMPT- Details of companies invested in.</p>
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5. Implications

Financial Implications

5.1	Active oversight of the Combined Authority's investments in companies, as currently undertaken by the Shareholder Board, is important to ensure that financial risks are minimised and that the investments are likely to help the Authority achieve its strategic objectives.
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Legal Implications

6.1	<p>Chapter 13 of the Combined Authority's constitution places part of the burden of oversight of the Combined Authority's companies on this committee:</p> <p>13.3.22- Assisting the Combined Authority in fulfilling its oversight responsibilities in relation to reviewing and monitoring activity of the trading companies.</p> <p>13.3.23 Advising the Combined Authority Board on any matters within the Committee's powers pertaining to the trading companies.</p> <p>13.3.24 Providing appropriate review and challenge of the Combined Authority's governance arrangements of its trading companies and its appointments to the boards of the companies.</p> <p>13.3.25 Providing appropriate review and challenge on the financial information provided to the Combined Authority by the trading companies.</p> <p>13.3.26 Commissioning, where appropriate, the Combined Authority's internal audit function to undertake discrete activity relating to the Authority's governance of its trading companies.</p>
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Public Health Implications

7.1	
-----	--

Environmental & Climate Change Implications

8.1	
-----	--

Other Significant Implications	
9.1	
Background Papers	
10.1	



Audit and Governance Committee		Agenda Item
8th March 2024		12
Title:	Audit & Governance Draft Annual Report	
Report of:	John Pye – Independent Person and Chair.	
Lead Member:	Cllr Edna Murphy – Lead Member for Governance	
Public Report:	Yes	

Recommendations:

A	The Audit and Governance Committee is asked to comment on the draft Annual Report of the Chair of Audit and Governance Committee for 2023/24 (Appendix 1) before it is submitted to the Combined Authority Board.
B	Approve the draft report subject to agreed changes.

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

	Achieving Best Value and High Performance
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1. Purpose

1.1	The Audit and Governance Committee has been in operation since the Combined Authority Board approved the membership and appointment of the Independent Person in May 2017. The Committee met eight times during the 2022/23 municipal year. The Committee provides independent challenge and assurance of the adequacy of risk management, internal control including internal audit, anti-fraud and the financial reporting framework.
1.2	The Draft Annual Report of the Chair of Audit and Governance Committee is the work carried out by the Committee over the municipal year 2021/22 is at Appendix A.

2. Proposal

2.1	The Committee are requested to provide comments and feedback on the draft annual report while noting that this is a working draft which will be finalised once the auditors' opinions have been received and noted by the Committee.
2.2	The Committee agree that any changes required are done in consultation with the Chair and Vice Chair and that a final version of the report will be circulated to members of the Committee before being taken to the CA Board AGM on the 5 th June 2024.

3. Background

3.1	It is recommended by relevant professional bodies that audit and governance committees should produce an annual report which details the work of the Committee for the Municipal Year. A draft annual report has been prepared for 2023/24 (Appendix A).
3.2	<p>The draft annual report shows:</p> <ul style="list-style-type: none"> • Background to the Committee, its roles, responsibilities and membership; • An overview and coverage of its remit including Internal Audit, Accounts and Financial Management, External Audit, Risk Management, Control Assurance, Corporate Governance, and Fraud and Irregularities; • Training provided to ensure that suitable challenge and scrutiny is adopted. • Records of complaints, Freedom of Information requests and attendance levels for the committee to consider.

4. Appendices

4.1	Appendix A: Working Draft A&G Annual Report
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5. Implications

Financial Implications

5.1	The Annual Report helps to demonstrate how the Audit & Governance Committee has helped the Combined Authority to improve its governance and control of risks throughout the year, both of which are important in demonstrating Value for Money and Best Value.
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Legal Implications

6.1	
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Public Health Implications

7.1	
-----	--

Environmental & Climate Change Implications

8.1	
-----	--

Other Significant Implications

9.1	
-----	--

Background Papers

10.1	
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ANNUAL REPORT FROM THE CHAIR OF AUDIT & GOVERNANCE COMMITTEE FOR THE COMBINED AUTHORITY OF CAMBRIDGESHIRE AND PETERBOROUGH 2023/2024

**To review and scrutinize the authority's
financial affairs**

**To make reports and recommendations
to the CA on these reviews**

**To review and assess the economy,
efficiency, and effectiveness of the
authority's use of resources**

**To review and assess the authority's risk
management, internal control, and
corporate governance arrangements**

**To ensure high standards of conduct
amongst Members**

AUDIT AND GOVERNANCE COMMITTEE: ANNUAL REPORT 2023/2024

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Appendix 1:	A&G Committee's Terms of Reference
Appendix 2:	Detailed Record of A&G Committee's Work to meet their Terms of Reference

FOREWORD FROM THE CHAIR OF THE AUDIT & GOVERNANCE COMMITTEE

This is my Seventh Annual Report of the work of the Audit and Governance (A&G) Committee. It covers the municipal year 2023/24, which has been a year of progress and change for the Cambridgeshire & Peterborough Combined Authority (CPCA),

Following the Value for Money intervention of the External Auditor in June 2022, the issuing of the Best Value Notice by the Department for Levelling Up, Housing and Communities (DLUHC) in January 2023, and the Internal Auditor's qualified opinion, the Combined Authority has implemented an Improvement Plan throughout 2023/2024. That Plan has five key themes that directly address the concerns raised:

- Governance and decision making
- Project Plans and delivery
- Procurement
- Partnerships
- Culture, Capacity and Confidence

The Committee's work this year has thus been dominated by the CPCA's actions in response to the Improvement Plan. The Committee has received updates from Lead Officers for the Improvement Plan at all of their meetings since June 2022, and have provided direct feedback to the CA Board.

The body of this report describes the Committee's engagement with the improvement activity. With the establishment of an Independent Improvement Board (IIB), the Committee asked to receive reports that measure progress by both the CA Board and officers in satisfying the concerns raised by DLUHC and in the External Auditor.

In addition to the Improvement work and normal A&G business, the Committee also established a sub-committee to enable it to discharge its Code of conduct matters as set out in the Constitution. A Hearing Panel was formed to consider the breach of the Code of Conduct by the Mayor which, in itself, had formed part of the concerns raised by the External Auditor and DLUHC in 2022. The Hearing Panel met on 14th November 2023 and unanimously agreed with the findings of the Independent Investigator and resolved to apply sanctions. Further detail on the Hearing Panel is detailed below at page 10.

The Committee recognises the extensive work that has been done by the Combined Authority to identify and address the issues over the past year. However, whilst the further Best Value Notice issued by DLUHC in January 2024 indicated some progress, there is still work to be done. The Committee's primary focus will continue to be on the scrutiny of progress by the CA Board and officers to satisfy the ongoing concerns of DLUHC. The behaviours of all involved will be as important as embedding the raft of process changes that have been introduced.

In another unusual year, the Committee has benefited from a stable and engaged membership, who were responsive to the pressures on quoracy.

I would like to thank Committee Members and Officers for their support of the A&G Committee work during the year.

John Pye
Independent Person & Audit and Governance Chair

1. INTRODUCTION

This is the A&G Committee's 7th annual report and is prepared in line with best practice¹.

This report sets out the work undertaken by the A&G Committee for 2023/24.

The A&G Committee was established by the Combined Authority in May 2017. The membership comprises seven elected members representing each of the CPCA's constituent councils, together with an Independent Person. The CA Board agreed at its annual general meeting in May 2017 that the Independent Person should act as the A&G Committee's Chair. At the annual general meeting in June 2021, the CA Board agreed to reappoint Mr John Pye as the Independent Person for a further 4 years and invited him to continue to act as Chair for the Committee.

The Committee's purpose is to provide:

- independent assurance of the adequacy of the risk management framework and the associated control environment.
- independent scrutiny of the CPCA's financial and non-financial performance to the extent that it affects the Authority's exposure to risks and weaknesses.
- to oversee the financial reporting process.

The Committee receives regular updates from Internal and External Auditors throughout the year, and updates on internal controls from CPCA officers with a particular focus this year on the Corporate Risk Register. It also requested deep dives into specific areas for further understanding around mitigations. The Committee also reviewed and approved a new Single Assurance Framework (SAF) and recommended its adoption to the CA Board; the SAF provides additional assurance to Government on how funding is allocated and helps to ensure that there are robust local systems in place which will ensure resources are spent with regularity, propriety and value for money.

The Committee have also recommended to the CA Board changes to the Constitution around the scheme of delegation, contracts procedure regulations, procurement processes, code of conduct sanctions and its own terms of reference.

The Committee have taken time this year to reflect on its role and has sought improvements. For example, and in line with CIPFA best practice, the Committee recommended to the CA Board that a second Independent Person be recruited to sit on the Committee from the 24/25 municipal Year. The Committee has also undertaken a review of its own arrangements and has committed that this will be repeated annually to ensure lessons learned are taken forward.

The A&G Committee's Terms of Reference are at **Appendix 1** of this report.

¹ Best practice as contained in the Chartered Institute of Public Finance and Accountancy (CIPFA) document "A Toolkit for Local Authority Audit Committees"

2. AUDITORS REVIEW

Internal Audit: RSM

Last year the Committee reported that there had been a number of negative internal audits, and the authority received a qualified opinion from the Internal Auditor for the second year running. While the final opinion of the Internal Auditor is yet to be released the Committee were pleased to note that this year there have been improvements with three reports providing a positive assurance rating and a further report providing a split opinion of reasonable and partial assurance. The Committee supports the CA commitment to continuous improvement going forward and whilst the Best Value Notice has not yet been lifted, are pleased to note that the draft Internal Audit plan includes a focus on continual improvement through its range of proposed audits. The final Internal Audit Opinion will be presented to the Committee in June.

External Audit: Ernst & Young

The External Auditor has issued their final opinion for 21/22 with the following conclusions:

- Financial statements – Unqualified - the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 12 February 2024.
- Going concern - We have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- Consistency of the other information published with the financial statement - Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
- Value for money (VFM) - We had matters to report in respect of the Authority's VFM arrangements.
- Consistency of the annual governance statement - We were satisfied that the annual governance statement was consistent with our understanding of the Authority.
- Public interest report and other auditor powers - We had no reason to use our auditor powers.

The External Auditors statement on Value for Money states:

- 1) Financial Sustainability
Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.
- 2) Governance
Conclusion: Based on the work performed, the Authority did not have proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.

On 1 June 2022, we wrote to the Chair of the Audit and Governance Committee, as part of our work in respect of Value for Money, to notify that we had become aware of a significant weakness in arrangements, which related initially to the 2021/22 financial year. Through our procedures, we identified that there was a Code of Conduct investigation to be undertaken in respect of the matters raised. We were also aware that there were a number of employment related claims against the

Working Draft

Authority, which had led to a number of vacancies within the senior management team of the Authority. During this period, there was also evidence of weakness in the governance arrangements of the Authority Board, that meant that the Authority could not properly manage its risks during the period.

Recommendation: To address these weaknesses the Authority needs to:

- Implement agreed actions as set out in the Code of Conduct investigation;
- Identify and implement appropriate actions to ensure it has sufficient appropriate leadership capacity to deliver its objectives and statutory responsibilities; and
- Establish and implement an improvement plan to address the questions raised over culture and behaviour at the Authority.

Since we initially communicated the significant weakness in the Authority's governance arrangements, the Authority has taken steps to address the recommendations raised.

- In respect of the Code of Conduct Investigation, the investigation concluded in November 2023 – this matter is now deemed to be concluded.
- In respect of the need to identify and implement appropriate actions to ensure it has sufficient appropriate leadership capacity to deliver its objectives and statutory responsibilities, the Authority has worked to fill current vacancies, including at the Chief Executive level. Other vacancies have continued to be filled, with all senior leadership roles filled by permanent appointments, or experienced interims where required. Whilst retention of these individuals is key, this does show that action has been taken to ensure continued capacity within the leadership team.
- In respect of the need to establish and implement an improvement plan to address the questions raised over culture and behaviour at the Authority, the Interim Chief Executive took a paper to the Board in July 2022 to seek approval for an Improvement Framework, to address the matters set out in the significant weakness letter. In October 2022, the Board agreed an improvement plan to address issues raised. This has also led to the formation of the Independent Improvement Board, which holds meetings on a bi-monthly basis where it receives a report from the Chief Executive, to monitor progress against said plan.
- In January 2023, DLUHC issued the Authority with a Best Value Notice, that acknowledged the steps the Authority had put in place in respect of the Action Plan, but reflected the continued concerns around the Authority and therefore a need to engage more closely with DLUHC. Based on our own discussions with DLUHC, and the updated Best Value Notice issued in January 2024, we understand that the Authority has co-operated with DLUHC, and whilst the Best Value Notice has not been fully lifted, the latest position sets out the continued improvements made.

3) Improving Economy, efficiency and effectiveness

Conclusion: Based on the work performed, the Authority did not have proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Recommendation:

To address these weaknesses, the Authority needs to:

- establish and implement a plan to ensure appropriate and sufficient oversight of its subsidiaries, including reporting to the Authority; and
- ensure business plans are subject to regular review, and the actions within these plans are both specific and measurable.

Since this matter was initially raised by Internal Audit, Subsidiary Company Boards have been established to enable additional oversight of the subsidiaries, and the CPCA Shareholder Board had also been set up to centrally oversee operations with an inaugural meeting held in June 2023.

Working Draft

The Shareholder Board is responsible for monitoring business plans and reporting, and reasonable assurance over the relevant controls was provided by Internal Audit at the June 2023 Audit & Governance Committee.

3. THE OUTCOME OF COMMITTEE ACTIONS AND RECOMMENDATIONS

It is important to good governance that the CA Board and Officers accept the advice of the A&G Committee or provide feedback to the Committee when that is not the case.

The CA Board accepted all the A&G Committee's specific actions and recommendations during the year, which included:

Recruitment of an Independent Person

The Committee recommended that the CA Board:

- a. That an additional independent person be appointed to sit on Audit & Governance Committee
- b. Agrees to delegate to the Executive Director of Resources and Performance and the Monitoring Officer, in consultation with the Chair of the Audit & Governance Committee, authority to finalise the draft role description.
- c. That the recruitment of the Independent Member be led by a panel including the Chair of the Audit and Governance Committee

RESPONSE: Board Agreed

1. That an additional independent person would be recruited
2. The role for the independent person be delegated.
3. The recruitment of an independent person would be led by a panel of the Chair and the 3 main political parties.

Outcomes and Recommendations from Procurement Review and High-Level Action Plan

- a. Recommend to the CA Board the implementation of the high-level action plan.
- b. Recommend that the CA Board approve the recruitment of the additional posts noted in the high-level action plan.
- c. Recommend that the CA Board approve the changes to the Contract Procedure Rules (CPR's)
- d. Recommend that the CA Board approve the Procurement Strategy and Procurement policy document.

RESPONSE: Board Agreed

1. The implementation of higher-level action plan.
2. The recruitment of additional posts noted in the higher-level action plan.
3. The procurement Policy and Strategy
4. The revised contract Procedure Rules

Revision of Scheme of Delegation

- a. The Committee reviewed the suggested update to the Scheme of Delegation of the Combined Authority and recommended that the CA Board to adopt changes as revisions to the Constitution.

RESPONSE: Board Agreed

1. The proposed update to the scheme of delegation.

Member Officer Protocol

Working Draft

- a. The updated protocol incorporating the changes suggested by the Committee be presented to the CA Board for approval, with a covering report highlighting the strong feeling of the Committee in regard to breaches of the code.

RESPONSE: Board Agreed

1. The member officer protocol and a yearly review.
2. That the Monitoring Officer could make changes to the protocol in consultation with the Chair of A&G.

Risk Management Framework and Deep Dive

- a. Recommended that the CA Board approve the Risk Management Framework and Procedure (including refined Financial risk scoring definitions).

RESPONSE: Board Agreed

1. The Risk Management Framework and Procedure

Corporate Risk Register

- a. Recommended that the CA Board review the Corporate Risk register at least once a year.

RESPONSE:

1. The Corporate Risk Register was taken to the 20th March 2024 CA Board meeting and has been added to the forward plan to be taken on an annual basis.

4. MEMBERSHIP AND MEETINGS

During 2023/24, the Audit and Governance Committee met six times on the following dates:

- 9 June 2023
- 7 July 2023
- 8 September 2023
- 17 November 2023
- 26 January 2024
- 8 March 2024

There is a cross representation of parties in accordance with the make-up of the constituent councils across the Combined Authority area. The members for 2023/24 were:

Table 1: Councillor Audit Committee Membership 2023/24 as of 1st March 2023:

Independent Person	Conservative	Liberal Democrats	Labour
John Pye (Chair)	Cllr Andy Coles Cllr Gary Christy Cllr Stephen Corney	Cllr Geoff Harvey Cllr Graham Wilson Cllr Mark Inskip	Cllr Simon Smith

Senior CPCA officers are also expected to attend the A&G Committee meetings, in line with CIPFA best practice, including the Chief Finance Officer, Chief Legal and Monitoring Officer and Chief Executive Officer.

Dependent on the agenda, other officers attend as do the External Auditors, Ernst & Young and the Internal Auditors, RSM.

The Committee was well supported by the Combined Authority's senior officers.

5. ACTIVITIES DURING THE MUNICIPAL YEAR

Background

The A&G Committee's terms of reference cover six main areas:

- Annual Accounts
- Corporate Governance
- Internal Audit
- External Audit
- Financial Reporting
- Code of Conduct

The detailed record of the A&G Committee's work to meet its terms of reference is at **Appendix 2**.

The Committee has received regular updates on the Improvement Plan at every meeting as well as progress reports on specific areas of work that have been carried out in response to the Improvement Work and the Governance Review undertaken in 2022. The Committee have also received reports on the Corporate Performance this year following the introduction of the Performance Management Framework in September.

A Summary of reports received, and actions taken are listed below:

- The Committee approved the audited Statement of Accounts 2021/22.

Working Draft

- The Committee approved the Single Assurance Framework and recommended its adoption to the CA Board
- The Committee recommended the adoption of the high-level action plan for procurement following the PWC review.
- The Committee received and reviewed two corporate performance reports.
- The Committee recommended the Risk Management Framework be adopted by the CA Board
- The Committee received six updates on the Improvement Plan
- The Committee made recommendations to the CA Board on constitutional changes around procurement, scheme of delegation and code of conduct.
- The Committee reviewed, approved changes to the Member Officer Protocol and agreed to review every two years going forward.
- The Committee reviewed and approved the Whistleblowing Policy
- The Committee received six reports on the Corporate Risk Register to provide feedback to officers.
- The Committee requested the creation of an Internal Audit Action Tracker to be reported to the Committee on an annual basis.
- The Committee received five Internal Audit progress reports.

A&G Sub-Committee – Hearing Panel

In June 2023 the Committee agreed to establish a cross party Sub-Committee which would have the ability to form a Hearing Panel to enable the subcommittee to carry out any functions of this committee and to schedule a code of conduct hearing, if required within reasonable time.

A Hearing Panel was requested by the Monitoring Officer in response to a Code of Conduct breach by the Mayor and was held on the 14th November 2023.

The membership of the Hearing Panel was formed of members of the parent A&G Committee and was cross party and chaired by the Independent Person.

Membership:

John Pye – Independent Person & Chair
Cllr Mark Inskip – East Cambs District Council (Liberal Democrat)
Cllr Simon Smith – Cambridge City Council (Labour)
Cllr Andy Coles – Peterborough City Council (Conservative)

The Hearing panel unanimously agreed with the findings of the independent investigator and resolved to apply the following sanctions on the Mayor.

1. Publish the Findings in the Decision Notice.
2. Report Findings to the CA Board.
3. The Mayor to provide a written apology for the Decision Notice and consult with the Monitoring Officer on the appropriateness of providing a written apology directly to one or more of the

complainants.

4. The Mayor to provide an undertaking not to repeat his behaviour, and to agree with the Chief Executive an appropriate development and training programme to take place over the next six months; this should include the appropriate HR best-practice when operating in a senior Member role.

The Panel also recommended to the CA Board that a comprehensive induction process for whenever a new Mayor takes up their appointment be implemented.

The Panel recommended that the Audit & Governance committee review the relevant parts of the Constitution, in the light of the lessons learned from this first Sub-Committee hearing and make recommendations to the CA Board.

The Committee received a report in January 2024 which provided them with an opportunity review the processes around the code of conduct investigation and to identify areas for further work which included amendments to the code of conduct and/or hearings. A further report was brought to the Committee in March providing recommendations [*To be updated*].

6. ATTENDANCE AND MEMBER DEVELOPMENT

Attendance

Date of Meeting	Number of members attended	Substitutes sent	Meeting Quorate
9 th June 2023	7	0	Yes
7 th July 2023	7	1	Yes
8 th September 2023	7	0	Yes
17 th November 2023	7	2	Yes
26 th January 2024	7	1	Yes
8 th March 2024			

There was a programme of Members' development sessions through the year involving:

Development Session	Attendance
Risk Appetite Training	7 members in attendance
A&G Committee Induction	3 members in attendance
Financial Management and Role of the Committee	6 members in attendance
KPI Training	5 members in attendance
Subsidiary Companies	7 members in attendance
Cyber Security	6 members in attendance

6. GOVERNANCE MONITORING

FREEDOM OF INFORMATION REQUESTS

The CPCA is a public body for the purpose of the Freedom of Information Act 2000. (Schedule 1 Part 2 S19B); and as such must respond to requests for information held by the authority.

There have been 79 requests from 1st January 2023 and 31st December 2023; which is an increase on last year; we have received no Environmental Information Regulation (EIR) requests. All responses are published on the CPCA website.

A member of the public has the right to ask for an internal review if they are dissatisfied with the handling of a Freedom of Information request. Over the last year the CPCA has received four requests for internal reviews.

The table below shows how many Freedoms of Information requests were received this year and whether or not they were responded to within the statutory deadline of 20 working days.

Freedom of Information Requests Received January 2022 – December 2022

Number of FOI & EIR received between 1 st January 2023 – 31 st December 2023	Responded within deadline	Late responses	Internal reviews undertaken.
79	76	3	4

Internal Reviews Outcomes

1. Following clearer instructions being given documents requested were provided.
2. Original response upheld as information requested already existed within the public domain.
3. Information requested was unavailable at time of requesting but following publication of committee papers link sent to where documents were available on website.
4. Information relating to Code of Conduct investigation - link to the published documents provided and exemptions applied Section 36 (Conduct of Public Affairs), Section 40 Personal Information and Section 41 Provided in Confidence.

COMPLAINTS

The CPCA publishes on its website its two-stage process for complaints from members of the public, businesses or organisations.

- Stage One follows an informal complaints process, where the relevant officer will do their best to settle the issue directly with the complainant.
- Stage Two follows a more formal process which allows for a complainant to make a formal complaint in writing to the Monitoring Officer, which will then be thoroughly investigated.

Only Stage two complaints are recorded by the CPCA in accordance with the complaints policy: two complaints have reached the stage two this year.

Stage 1 complaints are currently not recorded by the CPCA however, work is in progress to implement this in the next year.

WHISTLEBLOWING

Whistleblowing is where an individual who has concerns about a danger, risk, and contravention of rules or illegality provides useful information to address this. In doing so they are acting in the wider public interest, usually because it threatens others or impacts on public funds.

The concerns can include something they believe goes against the core values of Standards in Public Life (the Nolan Principles) and the Code of Conduct for CPCA Members and staff. The Standards in Public Life principles are integrity, honesty, objectivity, accountability, openness, leadership and impartiality.

The procedure to be followed was approved by the A&G Committee and is published on the Combined Authority website.

There were no whistleblowing cases reported this year.

7. FUTURE DEVELOPMENTS AND PLANS FOR 2024/2025

The A&G Committee will continue to scrutinise the progress made by the CPCA Board and officers to satisfy the ongoing DLUHC concerns.

For 2024/25 the Committee will also review

- Project management processes
- Trading Companies and the new Investment Committee
- Continue to monitor the new governance processes and structures in place.
- Review number of complaints being received to identify whether there are areas of concern.
- Risk register and appetite of the organisation.

Future development sessions can include training to cover:

- Financial reporting
- Governance - an understanding of the requirements of legislation and of local arrangements
- Understanding financial statements
- Risk management – principles and practices
- Internal control assurance

For new members - an induction covering topics such as

- The role of the committee
- The terms of reference
- An overview of the CPCA and its activities
- The financial and risk environment

John Pye

Independent Person and Chair

Audit and Governance Committee

Appendices

Appendix 1: A&G Committee's Terms of Reference

Appendix 2: Detailed Record of A&G Committee's Work to meet their Terms of Reference

CHAPTER 13: THE AUDIT & GOVERNANCE COMMITTEE

13.1 Governance

- 13.1.1 The Combined Authority has appointed an Audit and Governance Committee. The committee is a statutory, non-executive committee.

13.2 Functions

- 13.2.1 The Audit and Governance Committee shall have the following statutory powers to:

- (a) review and scrutinise the authority's financial affairs;
- (b) review and assess the authority's risk management, internal control and corporate governance arrangements;
- (c) review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions; and
- (d) make reports and recommendations to the Combined Authority in relation to reviews conducted under paragraphs (a) (b) and (c);
- (e) implement the obligation to ensure high standards of conduct amongst Members.

13.3 Terms of Reference

- 13.3.1 The Audit and Governance Committee shall undertake the following for both the Combined Authority and the Business Board:

Accounts

- 13.3.2 Approve the annual statement of accounts.

Governance

- 13.3.3 Review corporate governance arrangements against the good governance framework.
- 13.3.4 Review the Annual Governance Statement prior to approval to ensure it properly

reflects the risk environment and supporting assurances.

- 13.3.5 Annually review the assurance framework to ensure it adequately addresses risks and priorities including governance arrangements of significant partnerships.
- 13.3.6 Monitor the Authority's risk and performance management arrangements including reviewing the risk register, progress with mitigating actions and assurances.
- 13.3.7 Monitor the anti-fraud and whistle blowing policies and the complaint process.

Internal Audit

- 13.3.8 Provide assurances over the effectiveness of internal audit functions and assuring the internal control environments of key partners.
- 13.3.9 Review internal audit requirements undertaken by the Combined Authority.
- 13.3.10 Approve the internal audit plan.
- 13.3.11 Consider reports and assurances from the Chief Finance Officer in relation to:
 - (a) Internal Audit performance;
 - (b) Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control;
 - (c) Risk management and assurance mapping arrangement;
 - (d) Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable.

External Audit

- 13.3.12 Review the annual accounts.
- 13.3.13 Consider the annual external audit of the Combined Authority's accounts, including the Annual Audit Letter and assessing the implications and monitoring managers' response to concerns.

Financial Reporting

- 13.3.14 Consider whether accounting policies were appropriately followed and any need to report concerns to the Combined Authority Board.
- 13.3.15 Consider any issues arising from External Auditor's audit of the account.
- 13.3.16 Ensure there is effective scrutiny of the treasury management strategy and policies in accordance with [CIPFA's Code of Practice](#).
- 13.3.17 Maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and standards of conduct and make recommendations to

the Chief Finance Officer and Monitoring Officer where necessary.

Code of Conduct

- 13.3.18 Ensure the Combined Authority has effective policies and processes in place to ensure high standards of conduct by its Members and Co-opted Members.
- 13.3.19 Assisting the Members and Co-opted Members to observe the Code of Conduct.
- 13.3.20 Advising the Combined Authority on the adoption or revision of the Code of Conduct and monitor its operation.
- 13.3.21 Advising on training and overseeing the effectiveness of any training for Members and Co-opted Members on matters relating to the Code of Conduct.

Subsidiary Companies of the Combined Authority

- 13.3.22 Assisting the Combined Authority in fulfilling its oversight responsibilities in relation to reviewing and monitoring activity of the trading companies.
- 13.3.23 Advising the Combined Authority Board on any matters within the Committee's powers pertaining to the trading companies.
- 13.3.24 Providing appropriate review and challenge of the Combined Authority's governance arrangements of its trading companies and its appointments to the boards of the companies.
- 13.3.25 Providing appropriate review and challenge on the financial information provided to the Combined Authority by the trading companies.
- 13.3.26 Commissioning, where appropriate, the Combined Authority's internal audit function to undertake discrete activity relating to the Authority's governance of its trading companies.

General

- 13.3.27 To review any issue referred to the Committee by the Chief Executive, Directors, s73 Officer, Monitoring Officer or any Combined Authority Member. An issue may be referred to the Audit and Governance Committee by notifying the Monitoring Officer at least seven working days before an Audit & Governance meeting. The Chair of the Audit & Governance committee will be informed of the referral following which the Chair would decide whether the issue falls within the remit of the Audit & Governance Committee and additionally decide at which meeting the issue will be discussed.
- 13.3.28 Report and make recommendations to the Combined Authority in relation to the above.

13.4 Membership

- 13.4.1 The Combined Authority Board shall decide the size and membership of the Audit and Governance Committee and shall include one Independent Person.
- 13.4.2 In appointing Members to the Committee, the Combined Authority Board must ensure that the Members of the Committee taken as a whole reflect so far as reasonably practicable the balance of political parties for the time being prevailing among Members of the Constituent Councils when taken together.
- 13.4.3 The Committee may not include any Officer of the Combined Authority or of a constituent council.
- 13.4.4 The Combined Authority Board shall appoint at least one Substitute Member from each constituent council.
- 13.4.5 At the beginning of each municipal year the Committee may appoint an independent member subject to a resolution agreed by simple majority.
- 13.4.5.1 A co-opted independent member is a committee member who does not represent any political party or constituent authority for the purposes of the Audit and Governance committee but recruited to join the committee from a Constituent Council.
- 13.4.5.2 The role description of an independent member of Audit Committee is the same as for an elected member with the only substantial difference being around decision making responsibilities. An independent member cannot vote so will not be able to take part in the decision although they can actively contribute to the discussions leading up to the vote. The objective of including such members is to increase the knowledge and experience base of the committee, reinforcing its independence.
- 13.4.5.3 The appointed independent co-opted member will not have voting rights. Therefore, their involvement on the Committee will be in a consultative manner, with their views being taken into account by voting members of the Committee.
- 13.4.5.4 The Audit and Governance committee has authority to determine the process for recruiting and appointing a co-optee and substitute.
- 13.4.6 The Monitoring Officer has delegated authority to accept changes to membership of committees notified by constituent councils during the municipal year to ensure there is a full complement of members or substitute members at committee meetings.

13.5 Chair and Vice-Chair

- 13.5.1 The Combined Authority Board shall appoint the Chair and Vice-Chair.
- 13.5.2 The Independent Member should be designated as Chair of the Audit and Governance Committee.
- 13.5.3 The Vice-Chair of the Committee should be chosen by the Committee, at its first meeting each Civic Year.

13.6 Sub-Committees

- 13.6.1 The Committee may appoint one or more sub-committees and arrange for the discharge of any of its functions by any such sub-committee.
- 13.6.2 The Committee shall appoint a hearings panel to hear any complaints where the Member is alleged to have breached the Code of Conduct.

13.7 Hearing Panel (Sub-Committee to the Audit & Governance Committee)

- 13.7.1 The Hearings Panel is a Sub-Committee of the Audit and Governance Committee.
- 13.7.2 The Panel has the following functions:

- (a) When matters are referred by the Monitoring Officer granting dispensations to Members and Co-opted Members allowing them to:
 - (i) participate in the debate; and/or
 - (ii) vote on any matter in which they have a disclosable pecuniary interest;
- (b) On matters being referred by the Monitoring Officer deciding whether complaints concerning Members should be investigated;
- (c) Hearing complaints that have been referred to them by the Monitoring Officer pursuant to the Complaints procedure;
- (d) The agreement of relevant procedures for the undertaking of its functions, when appropriate to be included within the Constitution.

13.8 Requests to Audit & Governance

- 13.8.1 The Mayor or the Combined Authority Board may resolve to ask the Committee to review any of its functions including:
 - (a) The authority's financial affairs;
 - (b) The authority's risk management, internal control and corporate governance arrangements;

(c) The economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions.

13.9 Reference of Matters to Committees

13.9.1 Any of the following may request a matter to be included on the agenda of the Audit and Governance Committee provided it is relevant to the functions of the Combined Authority and not an excluded matter:

(a) any Member of the Audit and Governance Committee;

(c) any Member of the Combined Authority; and

(c) any Member of a Constituent Council of the Combined Authority.

13.9.2 An "excluded matter" means any matter which is a local crime and disorder matter.

13.9.3 Any request should state why the Member considers it appropriate for the Committee to exercise any of these powers in relation to the matter and the Committee must have regard to these reasons. The request must be submitted to the Monitoring Officer who will arrange for the Chair of the Committee to determine whether the item should be placed on the agenda of the next available meeting.

13.9.4 If the Committee decides not to exercise any of its powers in relation to the request it must notify the referring Member of its decision; and the reasons for it.

13.9.5 The Committee shall provide the Member with a copy of any report or recommendations which it makes in connection with the matter.

13.10 Procedure Rules: Access to Meetings

13.10.1 The public may attend meetings and have access to agenda, reports and minutes in accordance with the Transparency Rules, Forward Plan and Key Decisions in [Chapter 10: Access to Information, Information Governance, Data Protection and Complaints](#).

13.11 Procedure Rules: Meetings

13.11.1 The Committee will meet at least once a year.

13.11.2 An extraordinary meeting of an Audit and Governance Committee may be called by:

(a) the Chair of the Committee; or

(b) the Head of Paid Service.

13.12 Procedure Rules: Quorum

13.12.1 No business is to be transacted at a meeting of the Committee unless at least two-thirds of the total number of Members on the Committee are present.

13.13 Procedure Rules: Voting

13.13.1 Each Member of the Committee appointed from the Constituent Councils is to have one vote and no Member (including the Chair) is to have a casting vote.

13.13.2 Members of the Committee who are appointed other than from the Constituent Councils shall be non-voting Members of the Committee but may be given voting rights by resolution of the Combined Authority.

13.13.3 Any questions that are to be decided by the Committee are to be decided by a simple majority of the Members present and voting. If a vote is tied on any matter it is deemed not to have been carried. No deadlocked decisions of the Committee shall be referred to the Combined Authority Board.

13.14 Procedure Rules: Conflicts of Interest

13.14.1 Members must comply with the Member Code of Conduct.

13.14.2 No Member of the Committee may scrutinise a decision (whether or not implemented) in which they were directly involved as a Member of the decision-making body which made that decision.

13.14.3 Such a Member may only attend the Committee to:

(a) make representations;

(b) answer questions; or

(c) give evidence about the decision.

13.15 Appointment of Independent Person

13.15.1 The Committee must have at least one independent person. The appointment must

be made by the Combined Authority Board.

13.15.2 A person is independent if the person:

- (a) is not a Member, Co-opted Member or Officer of the authority;
- (b) is not a Member, Co-opted Member or Officer of a parish council for which the authority is the principal authority;
- (c) is not a relative, or close friend, of a person within sub-paragraph (a) or; and
- (d) was not at any time during the past five years been:
 - (i) a Member, Co-opted Member or Officer of the authority; or
 - (ii) a Member, Co-opted Member or Officer of a parish council for which the Authority is the principal Authority.

13.16 Term of Office of the Independent Person

13.16.1 Each independent person will serve a term of four years, which may be renewed up to a maximum of one further term (ie total maximum eight years).

13.17 Appointments Process for the Independent Person

13.17.1 The vacancy for the Independent Person must be advertised in such manner as the Combined Authority considers is likely to bring it to the attention of the public. The person must submit to the Combined Authority an application to fill the vacancy, and the person's appointment has been approved by a majority of the Members of the Combined Authority Board.

13.17.2 The position of Independent Person shall be advertised on the Combined Authority's website, along with the website of each constituent authority.

13.18 Procedures at Meetings

13.18.1 The Combined Authority [Standing Orders](#) at Chapter 5 will apply.

Annex 1

The current membership of the Audit and Governance Committee is one member from each constituent council and one independent person (eight members). The quorum is six members.

Appendix 1

Detailed Record of A&G Committee's Work to meet their Terms of Reference

3.2 Annual Accounts

Remit: Approve the annual statement of accounts.

A & G Committee Actions:

7 July 2023

- *Draft Statement of Accounts and Annual Governance Statement 2022/23:* The Committee noted the draft Statement of Accounts 2021/22

26 January 2024

- *Audited Statement of Accounts 2021/22 and Annual Governance Statement:* The Committee approved the audited Statement of Accounts 2021/22.

3.3 Governance

Remits:

Review corporate governance arrangements against the Code of Corporate Governance and the good governance framework;

Review the Annual Governance Statement prior to approval to ensure it properly reflects the risk environment and supporting assurances;

Annually review the assurance framework to ensure it adequately addresses risks and priorities including governance arrangements of significant partnerships;

Monitor the Authority's risk and performance management arrangements including reviewing the risk register, progress with mitigating actions and assurances;

Monitor the anti-fraud and whistleblowing policies and the complaint process;

Audit & Governance Committee Actions:

9th June 2023

- *Co-Option of Independent member from Constituent Councils:* The Committee requested that officers look into co-opting an Independent Member as a trial.
- *Single Assurance Framework:* The Committee noted the report.
- *Procurement Review:* The Committee recommended that the CA Board approve the findings of the PWC Procurement Review, including the high-level action plan and additional resources required.
- *Shareholder Board Update:* The Committee noted the report and assigned a member to attend the next Shareholder Board meeting.

- *Improvement Framework Report:* The Committee noted the report.
- *Corporate Performance Report:* The Committee noted the report.
- *Establishment of A&G Sub-Committee:* The Committee agreed to establish a sub-committee and assigned members.
- *Revisions to Scheme of Delegation:* The Committee reviewed the suggested update to the Scheme of Delegation of the Combined Authority recommended that the CA Board adopt changes as revisions to the Constitution.

7th July 2023

- *Improvement Framework Report:* The Committee noted the report.
- *Corporate Risk Register:* The Committee noted the report.
- *Proposed Changes to Constitution following Procurement Review:* The Committee approved the changes to the Contract Procedure Rules (CPR's) within the constitution and recommended to the Combined Authority Board to approve the Procurement Strategy and Procurement policy.
- *Consideration of the co-option of independent members:*

8th September 2023

- *Improvement Framework Report:* The Committee noted the report.
- *Risk Management Framework and Risk Deep Dive:* The Committee recommended to CPCA Board approval of the Risk Management Framework and Procedure and agreed to review the risk appetite annually and the framework every two years. The Committee noted the Risk Deep Dive and the Corporate Risk Register.
- *Single Assurance Framework:* The Committee supported the draft SAF document for consideration by the CA Board and supported the developing terms of reference for the Investment Committee and Investment Panel.
- *Update Procurement Review:* The Committee noted the report.
- *Review of Mayoral Combined Authority Audit & Governance Committee Arrangements:* The Committee agreed that the questions contained within the report be compiled into a questionnaire and sent out to members to respond. This would then be followed up by a workshop for the Committee to discuss their views before reporting any recommendations back to the CA Board.
- *Appointment of independent person:* The Committee recommended to the CPCA Board that an additional independent person is appointed to sit on Audit Committee for a period of four years, which may be renewed up to a maximum of one further term.

17th November 2023

- *Improvement Framework Report:* The Committee noted the report.

- *Corporate Risk Register: The Committee noted the report.*
- *Whistleblowing Policy: The Committee noted the report.*

26th January 2024

- *Improvement Framework Report: The Committee noted the report.*
- *Corporate Risk Register: The Committee noted the report.*
- *Annual Complaints report and update complaints against members 2023/2024: The Committee noted the report.*
- *Review of Committee Arrangements: The Committee noted the report.*
- *Information Governance Update: The Committee noted the report.*

8th March 2024

3.4 Internal Audit

Remits

Provide assurances over the effectiveness of internal audit functions and assuring the internal control environments of key partners;

Review internal audit requirements undertaken by the Combined Authority;

Approve the internal audit plan;

Consider reports and assurances from the Chief Finance Officer in relation to:

- (a) Internal Audit performance;
- (b) Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control;
- (c) Risk management and assurance mapping arrangement;
- (d) Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable

Audit & Governance Committee Actions:

9th June 2023

- *Internal Audit – Draft Annual Report: The Committee noted the draft annual report from the Internal Auditors.*
- *Internal Audit – Progress Report: The Committee noted the progress report from the Internal Auditors.*
- *Internal Audit – Plan 23/24: The Committee noted the Internal Audit Plan 23/24*

7th July 2023

- *Internal Audit Action Tracker Report*: The Committee noted the progress on the Internal Audit Action Tracker, June 2023.

8th September 2023

- *Internal Audit Progress Report*: The Committee noted the report.

17th November 2023

- *Internal Audit – Progress Report November 2023*: The Committee noted the report.

26th January 2024

- *Internal Audit Tracker*: The Committee noted the report.
- *Internal Audit – Progress Report January 2024*: The Committee noted the report.

8th March 2024

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3.5 External Audit

Remits

Review the annual accounts;

Consider the annual external audit of the Combined Authority's accounts, including the Annual Audit Letter and assessing the implications and monitoring managers' response to concerns;

Audit & Governance Committee Actions:

8th September 2023

- *External Audit – Verbal Updates*: The Committee noted the verbal updates from the External Auditor.

17th November 2023

- *External Audit – Cambridgeshire & Peterborough Combined Authority – Audit Results Report*: The Committee noted the report.

26th January 2024

- *External Audit – Draft Audit Results*: The Committee noted the report.

3.6 Financial Reporting

Remits

Consider whether accounting policies were appropriately followed and any need to

report concerns to the Combined Authority Board;

Consider any issues arising from External Auditor's audit of the account;

Ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA's Code of Practice;

Maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and standards of conduct and make recommendations to the Chief Finance Officer and Monitoring Officer where necessary;

Audit & Governance Committee Actions:-

7th July 2023

- *Treasury Management Outturn Report 22-23:* The Committee noted the actual performance for the year to 31st March 2023 against the adopted prudential and treasury indicators.

17th November 2023

- *23/24 Treasury Management Mid-Year Review:* The Committee noted the in-year performance against the adopted prudential and treasury indicators.

26th January 2024

- *Draft Financial Strategies:* The Committee reviewed and commented upon the Draft Capital, Investment and Treasury Management Strategies for 2024-25 and the draft 2024-25 Minimum Revenue Provision (MRP) statement.

3.7 Code of Conduct

Remits

Ensure the Combined Authority has effective policies and processes in place to ensure high standards of conduct by its Members and Co-opted Members;

Assisting the Members and Co-opted Members to observe the Code of Conduct;

Advising the Combined Authority on the adoption or revision of the Code of Conduct and monitor its operation;

Advising on training and overseeing the effectiveness of any training for Members and Co-opted Members on matters relating to the Code of Conduct;

7th July 2023

- *Member Officer Protocol Report:* The Committee resolved that the updated protocol incorporating the changes suggested by the Committee be presented to the CA Board for approval, with a covering report which would highlight the strong feeling of the Committee in regard to breaches of the code.

8th September 2023

- *Update to the Member Officer Protocol:* The Committee approved the amendments

to the member officer protocol and agreed to review the protocol every two years and add this to the Committee's work programme.

26th January 2024

- *Code of Conduct Lessons Learnt*: The Committee noted the report.

8th March 2024

-



Audit & Governance Committee		Agenda Item
8 March 2024		13
Title:	Audit and Governance Work Programme	
Report of:	Anne Gardiner, Governance Manager	
Lead Member:	Edna Murphy – Lead Member Governance	
Public Report:	Yes	
Key Decision:	NA	
Voting Arrangements:	Majority	

Recommendations:

A	Note the draft work programme for the Audit and Governance Committee for the 2024/25 municipal year attached at Appendix 1
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1. Purpose

1.1	To provide the Committee with the draft work programme for Audit and Governance Committee, for the 24/25 municipal year.
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2. Proposal

2.1	The Committee to review the proposed work programme at Appendix 1 and provide any comments including suggestions of items for future meetings.
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3. Background

3.1	In accordance with the Constitution, the Audit and Governance Committee must perform certain statutory duties including the approval of accounts, governance arrangements, financial reporting and code of conduct.
3.2	A draft work programme which outlines when these decisions are taken for the upcoming municipal year is attached at Appendix 1.

4. Appendices

4.1	Appendix 1 – Draft Work Programme 2024/25
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5. Implications

Financial Implications	
5.1	None
Legal Implications	
6.1	None
Public Health Implications	
7.1	None
Environmental & Climate Change Implications	
8.1	None
Other Significant Implications	
9.1	None
Background Papers	
10.1	None

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2024/25

20th June @ Huntingdonshire District Council

Item:	Title:	Purpose:	Lead:
Standard Items:			
	<div><input type="checkbox"/> Minutes</div> <div><input type="checkbox"/> Chair’s Announcements</div> <div><input type="checkbox"/> Work Programme</div>		
Improvement Items:			
	Improvement Plan Update	Provide an update on the improvement work	Angela Probert
Internal Control Items:			
	Corporate Risk Register		Chris Bolton
	Corporate Performance Report		Jules lent
Audit Items:			
	Internal Audit – Progress Report		RSM
	External Audit - 22/23 Value for Money opinion		EY
	External Audit - 23/24 Draft Audit Plan		EY
Standards and Conduct Items:			
Other:			
	Election of Vice Chair		

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2024/25

18th July @ Huntingdonshire District Council

Item:	Title:	Purpose:	Lead:
Standard Items:			
	<div><input type="checkbox"/> Minutes</div> <div><input type="checkbox"/> Chair's Announcements</div> <div><input type="checkbox"/> Work Programme</div>		
Improvement Items:		Page 129 of 133	
	Improvement Plan Update		Angela Probert

Internal Control Items:			
	Corporate Risk Register		Chris Bolton
	Risk Deep Dive (Topic TBC)		
	2023-24 Treasury Management Outturn Report		Ian Pantling
Audit Items:			
	Internal Audit – Progress Report		RSM
	Draft 23/24 statement of accounts		S73 Officer
Standards and Conduct Items:			
	Code of Conduct & Complaints Report	Committee requested that they receive a bi-annual update on the number of complaints received.	Monitoring Officer
Other:			

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2024/25			
26th September @ Huntingdonshire District Council			
Item:	Title:	Purpose:	Lead:
Standard Items:			
	<div><input type="checkbox"/> Minutes</div> <div><input type="checkbox"/> Chair’s Announcements</div> <div><input type="checkbox"/> Work Programme</div>		
Improvement Items:			
	Improvement Plan Highlight Report		
Internal Control Items:			
	Corporate Risk Register		Chris Bolton
	Risk Appetite	Committee requested to review the CA Risk Appetite Annually	Chris Bolton
	Corporate Performance – Annual Review		Jules lent
Audit Items:			
	Internal Audit – Progress Report		RSM
Standards and Conduct Items:			
Other:			

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2024/25			
8 th November @ Huntingdonshire District Council			
Item:	Title:	Purpose:	Lead:
Standard Items:			
	<div><input type="checkbox"/> Minutes</div> <div><input type="checkbox"/> Chair’s Announcements</div> <div><input type="checkbox"/> Work Programme</div>		
Improvement Items:			
	Improvement Plan Update		Angela Probert
Internal Control Items:			
	Corporate Risk Register		Chris Bolton
	2024/25 Treasury Management mid-year update		Ian Pantling
	Risk Deep Dive (Topic TBC)		
Audit Items:			
	Internal Audit – Progress Report		RSM
	23/24 Audit Results Report and Value for Money opinion		
	23/24 final statement of accounts		S73 Officer
Standards and Conduct Items:			
Other:			
	Annual Review of Committee Arrangements		

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2024/25			
19 th December @ Huntingdonshire District Council			
Item:	Title:	Purpose:	Lead:
Standard Items:			
	<input type="checkbox"/> Minutes <input type="checkbox"/> Chair's Announcements		

	<input type="checkbox"/> Work Programme		
Improvement Items:			
	Improvement Plan Update		
Internal Control Items:			
	Corporate Risk Register		Chris Bolton
Audit Items:			
	Internal Audit – Progress Report		RSM
	Internal Audit Action Tracker		Nathan Bunting
	Draft 2024-25 Financial Strategies		Ian Pantling
Standards and Conduct Items:			
Other:			
	Information Governance Update		Susan Hall

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2024/25			
27 th February @ Huntingdonshire District Council			
Item:	Title:	Purpose:	Lead:
Standard Items:			
	<div><input type="checkbox"/> Minutes</div> <div><input type="checkbox"/> Chair’s Announcements</div> <div><input type="checkbox"/> Work Programme</div>		
Improvement Items:			
	Improvement Plan Update		
Internal Control Items:			
	Corporate Risk Register		Chris Bolton
	Risk Deep Dive (Topic TBC)		
		Page 132 of 133	
Audit Items:			
	Internal Audit – Progress Report		

Standards and Conduct Items:			
	Code of Conduct Annual Report		Monitoring Officer
Other:			
	A&G Committee Draft Annual Report		

AUDIT & GOVERNANCE COMMITTEE DEVELOPMENT PROGRAMME 2024-25				
Date:	Item:	Provider:	Purpose:	Lead:
11 th June	A&G Committee Induction	Governance Team	Provide induction to the CA for new members	Anne Gardiner
9 th July	Development Session – Internal Control Assurance (TBC)			
10 th September	Development Session – Risk Management – Principles & Practices (TBC)			
15 th October	Development Session – Financial reporting and understanding financial statements (TBC)			
14 th January	Development Session – Governance (TBC)			
26 th September at close of meeting.	Private Meeting of Committee & Internal and External Auditors			Anne Gardiner

Items for future work programmes:

Member Officer Protocol to be reviewed every 2 years – next review date Sept 2025.

Risk Management Framework to be reviewed every 2 years – next review date Sept 2025

Risk Appetite to be reviewed annually – next review date Sept 2024