



Audit & Governance Committee

Friday 7th July 2023

Venue:	Civic Suite, Pathfinder House, Huntingdon PE29 3TN	
Time:	10.00 to 13.00	
Present:	Cllr G Christy Cllr A Coles Cllr S Corney Cllr G Harvey Cllr S Smith Cllr C Shepherd Cllr G Wilson 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
Apologies	Cllr Mark Inskip	East Cambs District Council

Minutes:

1	Apologies for Absence and Declarations of Interest
1.1	Apologies were received from Cllr Mark Inskip, substituted by Cllr Caroline Shepherd.
1.2	No disclosable interests were declared.
2	Chair's Announcements
2.1	The Chair advised that the Adult Education Budget had been scheduled last on the agenda to accommodate the need to move into exempt session if required by the Committee. He asked members if they wished to discuss the exempt information. The Committee agreed they did not wish to discuss the exempt information.
3	Minutes
3.1	The minutes of the meeting held on 9 th June 2023 were approved as a correct record.
3.2	Under consideration of the Action Log the Executive Director for Resource and Performance provided an update on the resilience of the Finance team. The Executive Director advised that the issues had come about because of the delay to the end of year accounts which had been due to staff absences. The team had been working to ensure there was now resilience within the team; recruitment for a new project accountant and assistant accountant had begun. The workload within the team was now spread more effectively and notes required for continuity were shared to cover any unexpected absence.
3.3	The Chair queried when the Committee could expect to receive an update on the review of the makeup audit of Audit Committee's from other Combined Authorities. The Executive Director advised a report would be brought back to the Committee in September.
3.4	ACTION Report on the review A&G Committee's in other combined authorities to be added to the work programme for Sept committee.

4	Improvement Framework Report
4.1	The Committee received the report which provided the Audit and Governance Committee with an opportunity to review progress since June 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"> • Officers and the Committee acknowledged the death of Lord Kerslake and the contribution he made as Chair of the Improvement Board; officers stated he was a real friend of the CPCA and understood and helped embed the key values that had been adopted. • The Improvement update using the agreed RAG rating had been signed off by CMT and would be taken to the CA Board at the end of July – this would be circulated to the Committee once published. • Members raised concerns around the concerns in the staff survey regarding members integrity. Officers advised that a key part of future member development would include the values (CIVIL) that had been adopted by the CPCA as they applied to both staff and elected members. • Funding had been received by the LGA to support members with any training needs and the CA would be looking to see if this could be used for further training to be provided around code of conduct. • Training on procurement and contract management would be mandatory for all staff and would hopefully be delivered in the Autumn. • The External Auditor stated that he was encouraged by the actions that had been taken; that the management team was now at full capacity was good and the External Auditor had met with the new CEO. Looking forward, the final response by the External Auditor would be influenced by how the Improvement Board carried out its work and the impact this would have. • Officers agreed that a report detailing how the CIVIL values had been integrated into the appraisal system and the organisation would be brought to the September meeting and that work was underway across the organisation and external partners to develop more positive behaviours. In addition the adopted values and behaviours were now a key part of the recruitment process for new roles. • The Committee noted that it was worrying that behaviours from members was still a concern. Bad behaviour should be questioned at the time it happened and other members should feel empowered to call colleagues out if they felt behaviour was inappropriate. The report for the next A&G meeting should provide a full update on progress regarding members' behaviour.
4.3	<p>The Committee RESOLVED:</p> <p>a) Note the progress made in June 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.</p> <p>b) Note the outcomes of the recent staff survey undertaken in March 2023</p> <p>c) Note the confirmation of appointment of Chair, Independent Improvement Board.</p>
4.4	<p>ACTION</p> <p>1) RAG rating report to be circulated to the Committee once it had been published as part of the CA Board papers.</p>

	2) Report detailing how CIVIL values had been embedded within the organisation as part of the appraisal and recruitment process be brought back to September's meeting, with particular emphasis on members' behaviour.
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.
5.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • Work would be done over the Summer to roll out the register across the organisation and a further update could be brought to the Committee in September on how the implementation was going. • The A&G Committee's role was to review and assess the risk management system; the O&S Committee's role was to focus on the impacts and outcomes of policies. This Committee's role was to see how risks were being managed not to question management's judgements about a risk. • Officers advised that they would be reconsidering the scoring definitions and would provide further update on this. • It would be useful to have some context provided to bring a risk to life through a worked example. • While the Heat Map was a very helpful tool it would be useful if an arrow indicating the direction of movement could be added; the Committee could request deep dives on any risks that had little or no movement. • Officers acknowledged that inflation was a risk that was difficult to control; however, by identifying it the organisation could adapt projects to help ease the risk of inflation. • All individual projects had their own risk register which fed into directorate registers which then fed into the Corporate Risk register. Directors were expected to pull up risks they felt may need escalating and these would then be discussed at PARC (Performance & Risk Committee) and agreed whether it needed to be added to the Corporate Risk register. • In regard to risk training; this Committee had received the training first and this would be rolled out to staff between July and September. • The Risk Appetite statement would be used to help influence the target scores – the risk appetite drives the level of comfort in a risk. • The Committee requested that job titles rather than names be used on the Risk register going forward.
5.3	<p>Committee RESOLVED:</p> <ol style="list-style-type: none"> a) To note the refreshed Corporate Risk register report, risk dashboard and heat map. b) To note the procurement and implementation of corporate risk software. c) To note that a risk appetite session has been undertaken with the CA Corporate Management Team and a risk appetite statement drafted.
5.4	<p>ACTIONS</p> <ol style="list-style-type: none"> 1) The Committee requested that two deep dives be provided at the next meeting with the responsible officers in attendance to explain how the risk was being managed operationally,

	<p>including how risk appetite was applied.</p> <p>2) Officers to reconsider the scoring definitions and provide a further update at the next meeting.</p> <p>3) A report on the progression of the roll out of the risk training be brought to the September meeting.</p>
6	Internal Audit Action Tracker Report
6.1	The Committee received the report which provided a progress update on the Internal Audit Action Tracker.
6.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> Members noted that there was an outstanding issue with member training in relation to Data Protection and were advised that it was currently the responsibility of the constituent councils to provide Data Protection Training for their members – officers at the CPCA check with the relevant governance officers to identify any gaps. The Committee were advised by the Monitoring Officer that the ICO regards elected members as data processors. It was in the best interests of every member to attend training provided as it could be easy to breach data protection rules unintentionally. The Committee were advised that there were enough licenses for the organisation; the new software would ensure that once an officer had an action allocated to them, they would be contacted. The Committee requested that the Internal Action Tracker be reviewed on an annual basis in future.
6.3	<p>Committee RESOLVED:</p> <p>a) To note the progress on the Internal Audit Action Tracker, June 2023.</p> <p>b) To note the procurement and implementation of corporate risk / internal audit software to track internal audit actions</p>
6.4	<p>ACTION</p> <p>1) The Internal Action Tracker be reported to the Committee annually starting in January.</p>
7	Proposed Changes to Constitution following Procurement Review
7.1	<p>The Committee received the report which requested that the A&G Committee recommend to the Combined Authority Board to</p> <p>a) approve the changes to the Contract Procedure Rules (CPR's) within the constitution which is to be discussed and approved at Board on 26 July 2023.</p> <p>b) Recommend to the Combined Authority Board to approve the Procurement Strategy and Procurement policy document which is to be discussed and approved at Board on 26 July 2023.</p>
7.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> In regard to contract duration, the officers advised that there would be practical guidance document for officers to follow. Part of the review from PWC was to ensure that the organisations was futureproof to align with any new legislation coming through from central government. Therefore, there shouldn't be a need for constant changes to be made to the constitution. If there were any disagreements between contractor and project lead this would need to be escalated to the Monitoring Officer and head of Corporate Services, and then to CMT if necessary. Officers were looking into ways to monitor how the system was working – the next report to be brought to the Committee in September would provide a more detailed action plan which would

	<p>include performance indicators and how the policy was being adhered to.</p> <ul style="list-style-type: none"> Climate change was addressed in the scoring of bids and also made-up part of the scoring matrix. It was also included in the Procurement Policy document.
7.3	<p>The Committee RESOLVED:-</p> <ul style="list-style-type: none"> a) approve the changes to the Contract Procedure Rules (CPR's) within the constitution which is to be discussed and approved at Board on 26 July 2023. b) Recommend to the Combined Authority Board to approve the Procurement Strategy and Procurement policy document which is to be discussed and approved at Board on 26 July 2023.
8	Treasury Management Outturn Report 22-23
8.1	The Committee received the report which requested them to review the actual performance to 31st March 2023 against the prudential indicators included within the Treasury Management and Capital Strategies
8.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> The resilience within the finance team should mean that there were now mitigations in place to ensure there was cover if deposits came in on a Friday. Significant slippage and underspend had been reported to the Board and was usually a result of lack of information from third parties within commissioned projects. The issue was improving. During a rising interest rate environment, the CA had large investment compared to other authorities which had meant officers had been able to place more funds for longer terms whereas other councils could only invest short term. Within last year's budget there was £500k to cover borrowing; however there had been no indication from the Board that they wished to go in this direction.
8.3	<p>The Committee RESOLVED:-</p> <ul style="list-style-type: none"> a) To note the actual performance for the year to 31st March 2023 against the adopted prudential and treasury indicators.
9	Draft Accounts & Annual Governance Statement 22-23
9.1	The Committee received the report which requested the Audit and Governance Committee to note the draft Annual Governance Statement and Statement of Accounts for the 2022/23 financial year.
9.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> The Executive Director apologised to the committee for the lateness of the report being published and advised that the statutory deadline to have the accounts published on the website had also been missed. The intention was to publish within the next month which would be significantly earlier than last year, and this was an issue that all councils were struggling with. Officers agreed to provide more explanation around the third-party payments to provide more clarity. The final accounts wouldn't be brought to the Committee to approve until after November. The 21/22 accounts should be finalised by the end of August and would be brought to the

	<p>November meeting for approval.</p> <ul style="list-style-type: none"> The Committee requested that a development session on how members should interrogate the accounts more effectively to be provided by the External Auditor be arranged as one of the committee's development sessions.
9.3	<p>The Committee RESOLVED to:-</p> <ol style="list-style-type: none"> Note the draft Annual Governance Statement 2022/23 Note the draft of the Statement of Accounts 2022/23
9.4	<p>ACTION</p> <ol style="list-style-type: none"> Development session on how to scrutinise the accounts effectively be arranged with the External Auditor.
10	Member Officer Protocol Report
10.1	The Committee received the report which requested that they review the Member/Officer Relations' Protocol.
10.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> There should be a reference to the CIVIL values adopted by the CPCA within the protocol. The Committee were advised that there was an Officer Code of Conduct within the CPCA constitution and that the definition of what was a Chief Officer was also set out in the Constitution. Members raised some questions around the reference to contacting junior officers and requested that this be re-looked at to provide further clarity for members on how best to approach communications with members of staff. There should be reference made to what the role of members was within the protocol, making decisions and recommendations. The protocol currently stated that training should be for 'Board members' and the committee requested this be amended to reflect all members appointed to the CA. The Committee were concerned to hear there had been three instances where the protocol had been brought to members attention and felt strongly that member behaviour was still not as it should be and that this needed to be brought to the Board's attention as it was felt by the Committee that the Board were not fully committed to this yet. The Committee felt that the protocol lacked a purpose and requested that an additional document be produced which would provide context and the background to the CPCA, and the challenges and actions to be taken to address the issues.
10.3	<p>Committee RESOLVED:</p> <ol style="list-style-type: none"> 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. A further report be provided to the A&G Committee in September which would place the protocol into context and provide a background to the CPCA, the challenges and actions taken to address these.
10.4	<p>ACTION</p> <ol style="list-style-type: none"> Report providing the context and background around the protocol be added to the work programme for September.
11	Co-option of independent members
11.1	The Committee received the report which requested that the Audit and Governance Committee

	consider and approve the draft wording contained in Paragraph 2.2 to be inserted in the constitution and to make recommendations to the Combined Authority Board to adopt the proposed amendments to the constitution.
11.2	Following a discussion the Committee agreed that the process for appointing an independent member should be kept as simple as possible – the Committee requested that officers contact all councillors who were not a member from a political party at the constituent councils to request expressions of interest in the role. A ballot should then be held to select the candidate.
11.3	<p>The Committee RESOLVED:-</p> <ul style="list-style-type: none"> a) Review the suggested update to the Combined Authority constitution and to provide recommendations to the Board to adopt the proposed changes as revisions to the Constitution, so that a co-opted independent member and substitute from constituent authorities can be appointed. b) To recommend to the Combined Authority Board to delegate the recruitment, selection and appointment of an independent co-opted member(s) to the Audit and Governance Committee and that the arrangements for the selection of such members be delegated by the Audit & Governance Committee to the Chairman of the Audit and Governance Committee in consultation with the Monitoring officer. c) Agree that the role of any independent co-opted member(s) from a constituent authority is not remunerated but note that they will receive expenses in line with the authority's current expenses policy, and note that if the Committee decides to co-opt an independent member from outside a constituent council through an open advertisement in the future then such a role would be subject to a review of potential remuneration by the Independent Remuneration Panel. d) Approve the proposed process attached as Appendix 1
11.4	<p style="text-align: center;">*****</p> <p><u>After Action</u></p> <p>The paper intended for the July CA Board was withdrawn after discussion between the Chair, the Executive Director for Resource & Performance, and the Monitoring Officer, and offline agreement of the Committee. Two separate papers will be brought to the September Meeting addressing a co-opted Independent councillor and an Independent Person.</p>
12	Work Programme Report
12.1	The Committee received the draft work programme for the Audit and Governance Committee for the 2023/24 municipal year which also requested that they discuss and suggest possible topics for the scheduled development sessions for the year.
12.2	<p>The Committee RESOLVED:-</p> <ul style="list-style-type: none"> a) Approve the draft work programme b) Add a development session as discussed earlier in the meeting on how to scrutinise the draft accounts effectively.
13.	Date of Next Meeting
13.1	Friday 8th September 2023 at 10am at Pathfinder House, Huntingdonshire DC
14	Adult Education Budget Report
14.1	The Committee received the report which updated the Audit & Governance Committee of the results of Funding Assurance Audits which had taken place in relation to funding received in the 2021/22 academic year.
14.2	The Committee were advised that the number of providers had been increased to mitigate the risk if any provider was to stop providing training. The firm that had stopped had informed the AEB team –

	there had been robust performance management in place and the sharing of information had also helped to mitigate the impact to students.
14.2	<p>The Committee RESOLVED:-</p> <ul style="list-style-type: none"> a) Note the update on Audit results for 2021/22 b) Note the update on the Audit approach for 2022/23

Meeting Closed: 1pm.

Chair