



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY – DRAFT MINUTES

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 11 March 2022

Time: 10:00

Location: South Cambs District Council, Cambourne

Present:

Mr John Pye
Cllr Jan French
Cllr Mike Sargeant
Cllr Graham Wilson
Cllr Shaz Nawaz
Cllr David Brown
Cllr Graham Bull
Cllr Peter Fane

Chairman
Fenland District Council
Cambridge City Council
Cambridgeshire County Council
Peterborough City Council
East Cambridgeshire District Council
Huntingdonshire District Council
South Cambridgeshire District Council

Officers:

Robert Parkin
Robert Emery
Anne Gardiner
Dan Harris
Eileen Milner
Jodie Townsend
Jon Alsop
Reena Roojam
Adrian Cannard
Mark Hodgson
Susan Hall
Robert Fox

Monitoring Officer
Deputy Chief Finance Officer
Governance Manager
RSM (Internal Audit) (remote attendance)
Chief Executive Officer (remote attendance)
Interim Head of Governance (remote attendance)
Chief Finance Officer
Lawyer (remote attendance)
Strategic Planning Manager (remote attendance)
External Auditor (Ernst and Young)
Governance Officer
Governance Officer

1. Apologies for Absence and Declarations of Interest

- 1.1 Apologies were received from Cllr Mason who was substituted by Cllr Fane
- 1.2 No disclosable interests were declared.

2. Chair's Announcements

- 2.1 There were no announcements from the Chair.

3. Minutes of the last Meeting and Action Log

- 3.1 A query was raised regarding para 3.2 of the minutes and whether the affordable housing programme was a result of the Housing Infrastructure Fund rather than the original devolution deal. Officers agreed to check and confirm this.

3.2 RESOLVED:

- a) That the minutes of the meeting of 28 January 2022, subject to any amendment as outlined above, be approved.
- b) That the Actions from the previous meeting be noted.

4. Combined Authority Board Update

- 4.1 The Committee received a verbal update from Eileen Milner, Chief Executive Officer (via zoom) with the following areas covered:
- 4.2 The Levelling Up White Paper had announced a £2.6 billion shared prosperity fund. The CPCA would be allocated a significant amount of these funds but it may not be as much as had been hoped for. The collective leadership would therefore have to carefully consider its spending options, taking into account its responsibility to strengthen communities, tackle inequalities and improve skills. The key to success was to be clear on what monies would be spent on and being able to evidence the impact that it was having.
- 4.3 The 68 Bus service in Wisbech would continue to operate until October whilst further research was done on how to achieve a sustainable bus route in that area. Unfortunately funding for bus services did not match aspirations but those who had managed to keep services operating during the pandemic were to be applauded. The new allocation of funding to support bus services had not yet been announced.
- 4.4 In response to a question on the impact of the Greater Manchester decision on franchising, the Chief Executive advised that the Combined Authority (CA) was still pushing ahead with looking at franchising as an option but that further modelling needed to be done to ascertain its affordability.
- 4.5 The University of Peterborough was looking ahead to the Autumn when the first cohort of students would start. A great deal of work was being done for the Board on drawing together what the totality of commitment and ambitions for the University was and that, working with partners, the very best was made of the opportunity.
- 4.6 Work was continuing on improving skills in order to grow the economy of Cambridgeshire and Peterborough; an apprentice training school was opening in Chatteris and the authority was focussed on having a new Skills strategy in place.
- 4.7 The Combined Authority had been without a fixed office base for some time but hopefully by the end of March, the Board would have accepted a recommendation to take on a new permanent office space.
- 4.8 Housing and the creation of affordable homes remained a key focus of the Combined authority. The Chief Executive thanked the team working in this area for the hard work they had put in to collaborating with the individual authorities and getting the final schemes signed off so that monies could be drawn down from the Community Housing Fund.

- 4.9 An internal Performance and Risk Board had been established and part of its ongoing work was a review of the corporate risk register which the Executive team had felt was out of date. A fully refreshed version of the register would be brought to the Committee at its next meeting.
- 4.10 The Committee thanked Eileen for the update.

5. Corporate Risk Register

- 5.1 Robert Parkin, Monitoring Officer introduced this item. Ordinarily the Committee would take the whole of the risk register with highlights and narrative from senior officers, however, as previously expressed by the Chief Executive in her update, the Executive team had felt that there was little confidence in the current document and therefore it was not presented at this meeting.
- 5.2 RSM, the internal auditors had been instructed to undertake a review to look at how the Combined Authority managed risk and what the appetite was for it; this would report through to the Performance and Risk Board before a revised register was brought before the Committee.
- 5.3 The risk register was 'owned' by the Executive team under the leadership of the Chief Executive. The day-to day management of the register would sit with officers from the Performance and Management Board.
- 5.4 As part of the review, the scoring would be looked at in context of the appetite the Cambridgeshire and Peterborough Combined Authority (CPCA) had towards risk.
- 5.5 The Chair welcomed the review, acknowledging that the Chief Executive was prioritising the risk issue.
- 5.6 RESOLVED:
- That the Committee note the report.
- 5.7 ACTION:
- That an offline briefing session on the new risk register be organised for the Committee prior to its formal presentation at the meeting in June.

6. Internal Audit Progress Report

- 6.1 The Committee received the report from the Internal Auditor, Dan Harris (RSM) which provided an update on the progress being made against the internal audit plan for 2021/22.
- 6.2 The Internal Auditor advised that five reviews had been finalised for the year to date and that four remaining reviews would be undertaken during March. All of the remaining audits had been scoped and resourced and it was expected that final reports would be ready for the June meeting alongside the Auditor's year-end report and opinion, which would then feed into the Annual Governance Statement.
- 6.3 Of the five finalised reviews there had not been any negative opinions but the Auditor would have to reflect on the follow up work done on the IT framework because of its negative opinion the previous year.
- 6.4 In addition, Risk Management had been a partial assurance opinion but given all the information that had been provided in relation to the changes to risk management, it was felt that there was little point bringing that audit forward in March. Instead, the audit on the

Capital Programme, which had been part of the 22/23 programme, had been brought forward.

6.5 As part of the Contract with the CA, the Auditors were required to meet public sector audit standards. This external review of quality was only required once every five years and so was not usually commented on. However, due to the commissioning of an external review in 2021, additional information on what that review entailed had been included with the committee papers.

6.6 Noting the delay to the HR Policies audit, due to the delay in planned externally commissioned work within this area, Members requested an update on this work. The Auditor was unsighted on where this was currently at but the Monitoring Officer would investigate and report back to the Committee.

6.7 The Chair raised the issue of the closure of One Cam and the Audit report that been commissioned by the Committee at the request of two members of the CA Board. The report had been largely positive around the closure process but had identified several learning points in relation to transition. The Committee gave their support to the Chair to forward the report to the CA Board for their information and to draw their attention to the learning opportunities for the future.

6.8 RESOLVED:

a) That the Audit Report on the One Cam closure be referred to the CA Board.

b) That the Committee note the report

6.9 ACTION:

The Monitoring Officer to update the Committee on the progress of the externally commissioned work being carried out on HR Policies.

7.0 Internal Audit – Audit Plan 22/23

7.1 The Internal Auditor, Dan Harris (RSM) introduced the report the purpose of which was for the Committee to consider themes for internal audit coverage for 2022/23 to inform the development of the Combined Authority's audit plan.

7.2 Sitting alongside the audit plan was a wider strategy that was driven by the CA's corporate risk register. As this was being refreshed, a fully drafted plan would not be brought forward until the June meeting so that the new risk register could be taken into consideration. Councillors commented that they hoped that the revised risk register would look more at the effects of the pandemic, emerging inflationary pressures and the impact of the Ukraine conflict.

7.3 Ahead of the next meeting of the Committee the Auditor would get a full briefing on the external commissioning into the review of HR policies. The timing of the introduction of the new policies would dictate when the auditors looked at the compliance of them; whistleblowing could be one of the policies that was looked at as part of an internal audit review.

7.4 At this point the Monitoring Officer made the distinction between an audit that looked at compliance with HR policies, and an analysis of a work culture which might fit better with the work and remit of the Employment Committee.

7.5 The CA was facing a moving agenda with a lot of challenge. Within auditing standards, internal audit could assist and provide ongoing 'live' advice to officers and advisory groups as well as with more formal audit reports which came later in the process.

7.6 When it was better understood what sort of funding would be coming through to the CA, auditors would have a conversation with the Executive Team to discuss the right time for Audit to get involved, possibly when the funding streams for the different areas were announced.

7.7 In response to a question from the Chair in relation to any early 2022/23 Internal Audit work that could commence in Quarter 1, the Auditor confirmed that the audit of the Capital Programme had already been brought forward to the 2021/22 Internal Audit Plan. The Internal Auditor also advised that the review of data protection could commence in Quarter 1 and this was agreed by the Committee.

RESOLVED:

7.8

a) That the Committee note the report.

b) That the 2022/23 internal audit of data protection could commence in Quarter 1.

c) That the proposed 22/23 Internal Audit Programme would be brought before the Committee at their meeting in June, allowing time for the revised risk register to be taken into account.

External Audit – Annual Audit Report

8.0

8.1 The External Auditor, Mark Hodgson (Ernst & Young) introduced the report. The purpose was for the Audit and Governance Committee to receive and note the External Auditor's final audit results report for 2020/21. The report replaced the Annual Audit Letter that the Committee had received in the past.

8.2 The close of audit had not been certified as the auditors had not yet performed the procedures required by the National Audit Office on the whole of Government Accounts submission. This was because auditors were still waiting for HM Treasury and the National Audit Office to issue their guidance on these procedures.

8.3 In terms of value for money, the auditors did not look for specific causal links but would report by exception if something was out of place so that there would be negative reporting rather than positive affirmation.

8.4 When auditing decisions, auditors did not judge the decision itself but rather how it was arrived at and whether arrangements were in place so that reports had a full fact pattern.

8.5 In contrast to the constituent councils, the CA did not have any funding gaps and did not need to identify savings. This was a result of a 30-year devolution deal which provided £20 million on an annual basis. However, officers were conscious that there was a need to identify other funding streams as the existing schemes, such as the Housing Fund, came to an end.

8.6 Officers reassured members that the CA had a balanced budget but that they were aware of future financial risk.

RESOLVED:

8.7

That the Committee receive and note the Audit Results report for 2020/21

Assurance Framework

9. Reena Roojam, Lawyer, introduced the report the purpose of which was for the Committee to approve and recommend the amended draft of the Local Assurance Framework (LAF) to the CA Board and to delegate authority to the Monitoring Officer (in consultation with the Chief Finance Officer and the Chair of Audit and Governance) to make the relevant changes to the Local Assurance Framework.

- 9.2 Due to the extensive revisions that had been made the previous year, amendments this year were very minor and in Reena's opinion did not constitute any material change to the framework. However due to the ongoing Governance and Constitution review and the guidance due following the LEP review, further changes to the assurance framework would be required.

- 9.3 Members expressed concern that the LAF, which concentrated on capital projects business cases and investments, might not be fit for purpose for some of the work the CA was now involved in; for example, a road scheme which had a defined start and finish compared to a bus franchise scheme that ran over 20 or 30 years.

- 9.4 The Chief Finance Officer reminded the Committee of the Monitoring and Evaluation Framework that sat alongside the LAF and which was set up to monitor outcomes of the intended projects and the indicators by which they would be measured.

- 9.5 The Interim Head of Governance would take into account the concerns expressed when undertaking his review of the LAF as part of the Governance review.

RESOLVED:

- 9.6
- a) That the amended draft of the Local Assurance Framework be approved and recommended to the Combined Authority Board.
 - b) That it be noted that the Local Assurance Framework would be presented to the Business Board on 14 March 2022.

10. Review of Governance and Ways of Working

- 10.1 The Committee received the report from the Interim Head of Governance which provided the Committee with an overview of the purpose of the review of governance and ways of working at the Combined Authority, as requested by the Committee at its meeting on 28 January.
- 10.2 A draft of the final report would hopefully be ready for the Leaders Strategy Meeting in April before being presented to the Board. Before then the Interim Head of Governance would have a further conversation with the Chair of the Audit and Governance Committee and as part of that discussion would be exploring whether there was a requirement to engage with the wider Committee regarding some of the elements, such as the potential role of Audit and Governance in oversight of the application of the Assurance Framework.
- 10.3 In response to a question on the extent of the workload involved in the Committee's role in oversight of the Assurance Framework, the Monitoring Officer clarified that the oversight would be of the process and protocol rather than of the projects themselves.
- 10.4 Members were reassured that the proposal to have forums in a trusted and private space would not undermine the principle of decision-making taking place in an open and transparent manner. This type of 'policy space' had been successfully developed in other Combined Authorities and was intended to support strategic development activity.

- 10.5 The Interim Head of Governance advised that there had been a positive conversation with the Chief Executive of the Greater Cambridgeshire Partnership (GCP) around what each organisation could do to support each other's executive and governance arrangements so that they could work together more positively.

10.6 RESOLVED:

That the Committee note the progress made in the review since January 2022.

11. Terms of Reference – Climate Change Working Group

- 11.1 Adrian Cannard, Strategic Planning Manager introduced the report the purpose of which was for the Audit and Governance Committee to note the Terms of Reference of the Climate Working Group.
- 11.2 In response to a question on how to ensure that there was a commonality of approach across the Combined Authority area, the Committee were advised that there was a senior officer Climate Working Group that supported the councils and authorities, and which promoted the sharing of best practice.
- 11.3 All reports, where relevant, would report the climate implications.
- 11.4 Collaboration between the Councils on this issue would be seen through the Board's decision making. One of the key discussions at present was around people's ability to pay for home adaptation measures and the fact that implementation of these measures would vary between rural and urban areas.
- 11.5 The Chair requested that the Committee receive a report in six months' time outlining progress against the Plan with a focus on the Governance process and how it was operating.

11.6 RESOLVED:

That the Committee note the report.

11.7 ACTION:

That a further update report be scheduled for six months' time.

12. Financial Strategies

- 12.1 Robert Emery, Chief Accountant and Deputy S73 Officer introduced the report the purpose of which was for the Committee to review and comment on the proposed Investment Strategy for 2022/23 and to review the in-year actual performance to 31st January 2022 against the prudential indicators included within the Treasury Management and Capital Strategies.
- 12.2 The Chief Accountant advised the Committee that although there was a better understanding of operational cashflows than five years ago, the CA was still undergoing change and therefore in order to ride out any bumps in the road the Treasury Management strategy was still very prudent.
- 12.3 There were statutory obligations that required the CA to keep a certain level of liquidity which meant that the Treasury Management Strategy was usually very low risk so that it was not forced to draw down at a very inopportune moment. In contrast, Service investments covered by the Investment Strategy, where the primary goal was to deliver growth and jobs, were normally higher risk.

12.4 Mr Emery discussed the second element of the report which looked at performance against the indicators set and highlighted the two areas of non-compliance both of which related to the Green Homes Energy Grant. The first was a breach of the Interest Rate Risk Exposure because there were higher levels of liquid funds than were needed being held. This was due to a delay in expenditure of the £79m Green Homes Grant. The second indicator involved individual limits with counter parties which was normally set at £25m. On one week-end in December this was £125m because the grant from central government had been received on a Friday, after the 3pm cut off, which meant that monies could not be invested until the Monday. Both of these areas of non-compliance were not seen as an on-going risk.

12.5 The Chair proposed that the Committee have a development session early on in the next municipal year to better understand the principles of the different financial strategies so that the Committee could add more value to the discussion.

12.6 RESOLVED:

That the Committee note the report.

12.7 ACTION:

That a development session on Financial Strategies be arranged for the Committee in the next municipal year.

13. Information Governance Update

13.1 Susan Hall, Governance Officer introduced the report which updated the Committee on the current position with regards to Information Governance, and provided data on the number of corporate complaints and Freedom of Information requests for the period of 1 September 2021 to 28 February 2022.

13.2 The Committee were advised that all the policies had now been updated and that all new members of staff had to undergo mandatory on-line GDPR training.

13.3 In response to a question about the ongoing whistle blower case, the Monitoring Officer advised that there was protection around the case while the process was in train as it was extremely important that it remained confidential. Once completed however a report would come through to the Committee.

13.4 Councillors commented that the damage device policy seemed somewhat excessive but as there had been some significant damage to equipment of late it was felt that it acted as a positive reminder to staff to treat devices with care.

13.5 Any requests for information were treated appropriately as a Freedom of Information (FOI) request. An Environmental Information Regulation request only differed in regard to the subject matter that it touched on i.e. issues relating to the environment such as air, water and habitat.

13.6 RESOLVED:

That the Committee note the report.

14. Draft Annual Report

14.1 The Chair introduced the report and asked for comments from the Committee.

14.2 Councillor Bull commented that although a committee member he still felt somewhat detached from the CPCA. The Chair agreed that because of the nature of the CA it could sometimes be difficult for Members to fully engage with the organisation, and he would add an extra point into the report to encapsulate this.

14.3 Over the next twelve months and in future conversations with the Interim Director of Governance the Chair would look for more opportunities for engagement.

14.4 RESOLVED:

That the draft report, subject to the changes identified above, be agreed

14.5 ACTION:

That the Committee reviews its work in six months' time to reflect on its integration with the CPCA.

15. Work Programme

15.1 The two development sessions that had been identified in the meeting would be added to the future work plan.

15.2 With the additions above the work programme was noted.

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As this was Councillor Graham Bull's last meeting, the Chair took the opportunity at the end of the meeting to thank him for his service on the Committee.

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16. Date and Time of Next Meeting

10.1 The Committee would next meet on Friday, 10 June 2022 at 10:00 at a venue to be confirmed.

Meeting Closed: 12.33pm