



**CAMBRIDGESHIRE & PETERBOROUGH COMBINED**  
**AUTHORITY –**  
**DRAFT MINUTES**

**AUDIT AND GOVERNANCE COMMITTEE: MINUTES**

**Date: Tuesday, 26 May 2020**

**Time: 9.00 a.m.**

**Location: Virtual meeting via the Zoom Platform**

**Present:**

Mr John Pye	Chairman
Cllr Ian Benney	Fenland District Council
Cllr David Brown	East Cambridgeshire District Council
Cllr Mike Davey	Cambridge City Council
Cllr Mark Goldsack	Cambridgeshire County Council
Cllr Mac McGuire	Huntingdonshire District Council
Cllr Tony Mason	South Cambridgeshire District Council
Cllr Nick Sandford	Peterborough City Council

**Officers:**

Kim Sawyer	Chief Executive Officer
Robert Parkin	Chief Legal Officer and Monitoring Officer
Jon Alsop	Chief Finance Officer (s.73 Officer)
Robert Fox	Interim Scrutiny Officer
Francesca Houston	Transport Programme Co-ordinator
Steve Crabtree	Internal Auditor (Peterborough City Council)

**1. APOLOGIES AND DECLARATIONS OF INTERESTS**

1.1 There were no apologies or declarations of interest.

**2. CONFIRMATION OF THE MEMBERSHIP OF THE COMMITTEE**

2.1 Currently there were no changes to the membership of the Committee. Fenland District Council holds its Annual general Meeting on 17 June when

appointments from that Authority would be confirmed. Any changes would be reported to the next meeting of the Committee.

### **3. CHAIR'S ANNOUNCEMENTS**

- 3.1 The Chair informed the Committee a paper regarding Internal Audit provision following the cessation of the Service Level Agreement with Peterborough City Council would be presented to the next meeting.

### **4. MINUTES OF THE LAST MEETING**

- 4.1 The minutes of the meeting held on 16 December 2019 were agreed.
- 4.2 The Action Sheet was reviewed by the Committee.

#### **RESOLVED:**

- 4.3 That Action Sheets would be presented to future meetings in a format that more clearly distinguished open and closed actions.

### **5. COMBINED AUTHORITY BOARD UPDATE**

- 5.1 The Chief Executive provided a verbal report and said that the Combined Authority was the first to hold a public meeting virtually, with the March 2020 meeting of the CA Board relying on the Mayor's General Power of Competence for decision-making.
- 5.2 The Chief Executive outlined the measures the Combined Authority had brought in to assist local businesses as a result of the Covid-19 pandemic, and the actions it was taking to mitigate against the ongoing risks. The relationship with central government had been very close since the outbreak of the pandemic: a national Mayoral forum was held each week.
- 5.3 In response to a question, the Chief Executive assured the Committee that all decisions that had been made by the CA Board and the Business Board were Assurance Framework compliant.
- 5.4 Following a question, the Chief Executive undertook to provide detail on the Local Transport Plan and how it relates to Peterborough.
- 5.5 The Chief Executive advised that the provision of the internal audit function was being reconsidered, following the conclusion of the current Service Level Agreement with Peterborough City Council.
- 5.6 Following a question, it was confirmed that the decision-making functions of the Combined Authority had retained the same structure as before the pandemic. The decisions taken under the Mayor's General Power of Competence were in public session and available on the Combined Authority website; other decisions had also been made in public meetings and all were available on the Combined Authority website.
- 5.7 With regard to the Combined Authority office relocation, the Chief Executive explained this was an operational decision. The Mayor had contacted all

constituent authority Leaders to inform them of the decision. There would be a public report going to the Combined Authority Board.

**RESOLVED:**

- 5.10 That the Chief Executive to provide detail on the Local Transport Plan and how it relates to Peterborough.

**6. ANNUAL STATEMENT OF ACCOUNTS 2019/20**

- 6.1 The s.73 Officer introduced the draft statement of accounts for 2019/20. The s.73 Officer explained the previous version supplied was to give members a flavour of the accounts; the presented accounts were those provided the evening before the meeting. Several members expressed their dissatisfaction that the accounts were presented and published late for this meeting.
- 6.2 The s.73 Officer explained that owing to Covid-19 the national publication deadline for draft accounts was now 31 August 2020; with published audited accounts having a deadline of 30 November 2020. The original deadlines were May and July 2020, respectively. It was still the intention to present the final audited accounts to the Committee, within statutory deadlines, at the meeting on 31 July 2020. The external auditors, Ernst & Young would not, however, be publishing audit opinions until October 2020. The s.73 Officer stated that despite the challenge of managing audits remotely he was confident that accounts would be completed and audited properly.
- 6.3 The internal auditor's report, with their opinion, would be included in the final statement of accounts.
- 6.4 The s.73 Officer said that this was the first year that Combined Authority staff were members of the Cambridgeshire Pension Fund, and this was reported in the statement of accounts. Details of the potential assets and liabilities from the transfer of staff to the Pension Fund were still awaited from the actuaries.
- 6.5 The draft accounts included the CIPFA guidance on Covid-19 for the impact of lock down and the financial stability of organisations. The published accounts would include wording on the impact of Covid-19 on the Combined Authority in the last financial year, together with the potential implications for 2020/21.
- 6.6 The Medium-Term Financial Plan (MTFP) was being refreshed to re-prioritise the budget, which would remain balanced.
- 6.7 The s.73 officer explained that a paper on trading companies would be provided for the 31 July meeting. These companies would not be included in the statement of accounts for 2019/20 as there were no trading transactions in the course of the year.
- 6.8 The Chair said it would help to receive the final statement of accounts in advance of the publication deadline for the 31 July 2020 Committee meeting. It was suggested by a member that circulation by the end of the second week of July would enable greater challenge. The Chief Executive confirmed this would be the case.
- 6.9 Following a question by the Chair, the s.73 Officer confirmed that the final statement of accounts to be presented at the next meeting would have been

audited but that the audit opinion would not be included. Therefore, there was still an opportunity for members to provide input.

- 6.10 A member requested further detail on the loans provided and who they were to as there are likely to be questions prompted by this. This would be included in the final statement of accounts it was confirmed.
- 6.11 Following a comment from the Chair, the s.73 Officer agreed to make sure that the notes to the accounts provided context to the section on salaries and salary related payments, as this was likely to be an area of public interest.

**RESOLVED:**

- 6.12 That the concerns of members related to the late presentation of the accounts were recognised and future iterations would be issued in good time.
- 6.13 That the intervention of the Chief Executive to look at operational issues around presentation was welcomed, and that the final draft statement of accounts would be provided to members by the end of the second week of July.
- 6.14 That that there would still an opportunity for the Committee to affect the final statement.
- 6.15 That the final statement of accounts would be presented at the 31 July 2020 meeting for sign-off by the Committee.
- 6.16 That there would be trading companies transactions in the statement of accounts for 2019/20.
- 6.17 That the final statement of accounts notes would provide context to salaries and salary related payments.

**7. EXTERNAL AUDIT UPDATE**

- 7.1 Suresh Patel and Dan Cooke, from the external auditors Ernst & Young, were in attendance to present the update. It was reported that Covid-19 had seriously impacted all audits. The timetable for reporting had been amended by the Ministry of Housing Communities and Local Government with the target date for publishing final audited accounts being the end of November 2020.
- 7.2 A new area of risk was on pension valuations and disclosures. This was due to the Combined Authority becoming an admitted body in the Cambridgeshire Pension Fund, and, as such, would need to disclose pension liabilities on the balance sheet.
- 7.3 Covid-19 could affect the value for money conclusion.
- 7.4 A member of the public had asked about the governance and accountability of loans given to East Cambridgeshire Trading Company. Ernst & Young reported that the Finance Director had provided evidence in response to the questions raised.
- 7.5 The audit was being conducted over the next three-four weeks. Ernst & Young reported that, as a result of Covid-19, they would need to take their proposed report through an internal consultation process. The fee for the audit was

currently estimated in the region of £45,000, but the final fee would be discussed and agreed with the Finance Director.

- 7.6 The external auditors felt that the revised deadlines for local authority audits were realistic, provided those involved were not directly affected by Covid-19.
- 7.7 The Chair requested early warning if there was to be any timetable slip. The external auditors would provide an update at the 31 July meeting.
- 7.8 In response to a question, the auditors explained that materiality meant the accounts were true and fair at a material level. Ernst & Young use 2% of gross revenue expenditure as the materiality threshold for the Combined Authority.

**RESOLVED:**

- 7.9 That the Committee welcomed the progress on the external audit and requested a further update at the next meeting on 31 July 2020.

**8. INTERNAL AUDIT UPDATE**

- 8.1 The Internal Auditor noted that Covid-19 had had a significant impact on auditing. Nevertheless, the internal audit opinion was on track to be presented to the 31 July 2020 meeting.
- 8.2 A fraud risk assessment was being conducted for the Combined Authority and Business Board and their financial transactions. A report would be issued in June.
- 8.3 Covid 19 had prevented site visits as part of the audit of the Adult Education Budget. The focus of this audit had therefore been changed and the auditors would use central government data assess the assurance level.
- 8.4 The audit for the Business Board would be a reasonable assurance.
- 8.5 The Internal Auditor highlighted a number of areas that might be focussed upon in next year's programme.
- 8.6 A Committee member commended the report for referencing the use of video-conferencing in conducting the audit. He hoped greater use would be made of such facilities in future.
- 8.7 A Committee member welcomed the audit of the process of appointments to various committees to ensure transparency.
- 8.8 The Internal Auditor confirmed the trading company referred to in the report was the East Cambridgeshire Trading Company not East Cambridge.
- 8.9 In response to a question, the Internal Auditor stated that post-Covid-19 there would be a shift of focus for the Combined Authority. Grants for business support and development was a future topic for internal audit.

**RESOLVED:**

- 8.10 That the internal audit opinion would be received at the 31 July 2020 meeting of the Committee.

8.11 That the 31 July 2020 meeting would include a report on the arrangements for internal audit following cessation of the Service Level Agreement with Peterborough City Council.

8.12 That the Audit & Governance Committee noted the report.

## **9. DRAFT ANNUAL REPORT OF THE CHAIR OF THE AUDIT & GOVERNANCE COMMITTEE**

9.1 The Chair introduced the report to the Committee and confirmed that it would be presented to the Combined Authority Board meeting on 5 August 2020.

9.2 It was confirmed the committee quoracy threshold was set out in the Constitution of the Combined Authority.

### **AGREED:**

9.3 That the report be presented as the Annual Report of the Chair of the Audit & Governance Committee for 2019/20 to the CA Board on 3 August 2020.

## **10. CORPORATE RISK REGISTER**

10.1 The Chief Legal & Monitoring Officer and the Transport Programme Co-ordinator advised that a substantial amount of work had recently been put into the document. The risk management strategy had been considered by the Committee in December 2019 and had received CA Board approval in January 2020. The risk register was ever-evolving, as evidenced by Covid-19 which had resulted in the introduction of two new risks. The Corporate Management Team (CMT) continually reviewed the register.

10.2 Concern was raised about the legibility of the documentation. This was a long standing issue of the Committee.

10.3 Climate change was not currently an identified risk. The Independent Commission on Climate Change would be commencing its work shortly. The Chair asked that climate change be included on the register, and received the backing of Committee members.

10.4 It was suggested the register include a priority order of risk. A question was raised as to why the Gateway review was not considered a significant risk? In response, the Chief Legal & Monitoring Officer said he would be working closely with CMT to offer support and incorporate the feedback from the Committee.

10.5 The Chair stated his concern that as presented 75% of risks were rated as 'red', which was not a sustainable position for any organisation. The Chief Executive said that the current register was developed at the height of the Covid-19 outbreak; she was taking an active role and affirmed her confidence that the risks would be ameliorated. The Chair welcomed that advice.

### **RESOLVED:**

10.5 That a risk related to climate change be included in the register.

- 10.9 That the next Committee meeting on 31 July 2020 be presented with an updated risk register. That update should highlight the top three or four risks and show where risks were increasing or decreasing.
- 10.10 That more work was needed to present the risk register in a legible format.

## **11. COMPLAINTS PROCEDURES**

- 11.1 The Chief Legal & Monitoring Officer introduced the revised Complaints' guidance which would be presented to the Combined Authority Board on 3 June 2020 at its Annual General Meeting.
- 11.2.1 It was suggested the table of contacts for street matters should include contact details for the city and district councils.

### **RESOLVED:**

- 11.3 With the addition of the contact details of the city and district councils, the procedures were noted and approved for submission to the Combined Authority Board.

## **12. TREASURY MANAGEMENT STRATEGY SUMMARY**

- 12.1 The s.73 Officer presented the Treasury Management Strategy summary had been approved by the CA Board in March 2020.

### **RESOLVED:**

- 12.2 The Audit & Governance Committee noted the report.

## **13. TRADING COMPANIES**

- 13.1 The Deputy Monitoring Officer, Rochelle White, introduced the report and explained that the shareholder agreements for both Angle Holdings and Angle Development East Ltd. were finalised on 5 September 2019. The Combined Authority was the only shareholder in the companies.
- 13.2 The trading companies' day-to-day governance processes were currently being considered. The Board had an Independent Chairman, Brian Stewart OBE. Mr Stewart went through a rigorous selection process prior to appointment.
- 13.3 The Annual Accounts for the companies would require audit. However, there would be no audit for 2019/20 as no trading activity occurred.
- 13.4 It was confirmed, after a question, that the Overview & Scrutiny Committee received a report on the Trading Companies in February 2020. This report was being presented to the Audit & Governance Committee to explain the governance arrangements, the risks and accounts' requirements for the companies. The report also explained the role of the Overview & Scrutiny in relation to trading companies.

- 13.5 The appropriateness of the Company Secretary of the Trading Companies being a Combined Authority employee was raised by a member of the Committee. A response would be provided to the Committee.
- 13.6 Following a question focused upon accountability, the Deputy Monitoring Officer explained that as a local authority the Combined Authority itself was unable to trade.
- 13.7 It was confirmed that the trading companies were subject to Freedom of Information requests; details of the companies were in the public domain on the Combined Authority website.

**RESOLVED:**

- 13.8 That the Deputy Monitoring Officer was thanked for the report.
- 13.9 That a future development session on the trading companies be timetabled at some stage during the course of the year.
- 13.10 That it is recognised that the Overview & Scrutiny Committee was able to hold trading companies to account.
- 13.11 That a response would be provided to the Committee related to the employment status of the Trading Companies Company Secretary.

**14. REVISED GUIDE FOR PROJECT MANAGEMENT**

- 14.1 The Committee was requested to note the report.
- 14.2 In discussion, it was suggested items that are 'to note' be circulated as a batch to Members in advance of the publication deadline. That would allow time to decide whether they would wish further information to be presented to the Committee.

**RESOLVED:**

- 14.3 That future 'to note' items are sent to members in advance of Committee publication deadlines.

**15. WORK PROGRAMME**

- 15.1 The draft work programme for the Audit & Governance Committee was noted.

**RESOLVED:**

- 15.2 That the presentation of the work programme be developed to improve its clarity.

## **16. URGENT BUSINESS AT THE DISCRETION OF THE CHAIR: LANCASTER WAY**

- 16.1 The Chief Executive and the Chief Legal & Monitoring Officer thanked the Chair for agreeing to accept this item as urgent business.
- 16.2 At a special meeting of the Transport and Infrastructure Executive Committee on 15 May 2020, it was resolved that the Audit & Governance Committee should be asked to agree an independent review of the Lancaster Way Road Traffic Scheme.
- 16.3 Terms of Reference (TORs) had been drawn up for an independent review by the Combined Authority and Cambridgeshire County Council (as the highways authority). These TORs were presented to the Committee. An external auditor would be appointed to conduct the review. The Combined Authority would not be contributing to the budget for this review, it was confirmed.
- 16.4 The aim was for the Audit & Governance Committee (A&GC) to consider the results of the independent review before they were presented to Cambridgeshire County Council (CCC) and the Combined Authority. The Chief Executive explained that the CCC were keen for a speedy resolution: they had asked for the A&GC to an Extraordinary meeting if appropriate. In the meantime, the reporting timescales would be kept under review.
- 16.5 Following a question, the Chief Executive confirmed that the review would not delay the completion of the road traffic scheme. The review would look retrospectively at the lessons learned from the schemes implementation and the increased costs.
- 16.6 The Chair said he would respond positively to the request for an independent review as there was no impact on the scheme itself.
- 16.7 Members of the Committee requested background information on the scheme well in advance of any meeting.

### **AGREED:**

- 16.7 That the Audit & Governance Committee (A&GC) agreed to an independent review of the Lancaster Way Traffic Scheme.
- 16.8 That the A&GC was prepared to hold an Extraordinary meeting, if necessary, provided there was sufficient time beforehand to consider the report from the independent review.

## **17. DATE AND TIME OF NEXT MEETING**

- 17.1 The next scheduled meeting of the Committee would be Friday, 31 July at 10.00 a.m. (by Zoom)
- 17.2 All future 2020/21 meeting dates were being approved by the Combined Authority Board on 3 June 2020.

17.5 Subsequently, the Combined Authority Board confirmed the dates below for the A&GC meetings during the 2020/21 municipal year. All meetings to commence at 10.00 a.m., with venues to be agreed:

- 2 October 2020
- 27 November 2020
- 29 January 2021
- 6 April 2021
- 25 May 2021 (municipal year 2021/22)

The meeting closed at 12:55