



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY – DRAFT MINUTES

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 24th September 2021

Time: 10:30am

Location: Fenland District Council

Present:

Mr John Pye
Cllr Ian Benney
Cllr Tony Mason
Cllr Graham Bull
Cllr Mike Sargeant
Cllr Graham Wilson
Cllr Shaz Nawaz
Cllr David Brown

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

Officers:

Robert Parkin
Anne Gardiner
Jon Alsop
Louise Davis
Robert Fox
Amina Adebayo
Adam Goldsmith

Monitoring Officer
Scrutiny Officer
Chief Finance Officer (S73 Officer)
Internal Auditors (RSM)
Governance Officer
Legal Governance Officer
SOCITM

1. Apologies for Absence and Declarations of Interest

- 1.1 No apologies received.
- 1.2 No declarations of interest were made.

2. Chair's Announcements

- 2.1 Annual Accounts and AGS

We were expecting to bring the final version of the 2020/21 financial statements and Annual Governance Statement to this Committee meeting for final approval, along with the external auditors' Audit Results Report. Members would recall from the last meeting that we were waiting to receive the actuary's IAS19 report on the final pension balances to complete the final version of the accounts and for EY to complete their audit.

We had recently been informed by EY that as a result of "commentary by regulatory bodies" to other audit firms, EY needed to update their procedures around verification of data. Mark Hodgson, the EY partner responsible for the CPCA audit advised that due to their requirement for additional audit evidence, they could not provide assurance that they would be able to issue and sign the audit opinion by the date of this Committee meeting.

Given the uncertainty of the audit position, I decided to withdraw the financial statements and external audit papers from the agenda, and to reschedule them for the November meeting.

The auditors also had a requirement to review the Annual Governance Statement for completeness, compliance and consistency with the financial statements, so the final approval of the Annual Governance Statement would also be deferred until the November Committee meeting.

- 2.2 Informal Session to review the Constitution prior to the Committee's next meeting to be scheduled.

3. Minutes of the last Meeting

- 3.1 The minutes from the meeting held on the 30th July 2021 were agreed as a correct record.
- 3.2 The Actions from the previous meeting were noted.

4. Combined Authority Board Update

- 4.1 The Chair advised that the Chief Executive was unable to attend the meeting but had advised the Chair that there was nothing to report in addition to the information contained within the reports going to the Combined Authority Board on the 29th September 2021.

5. Internal Audit Progress & Annual Report

- 5.1 The Committee received the report which provided the annual internal audit report for 2020/21 and requested that the Committee note the progress being made against the internal audit plan for 2021/22.
- 5.2 The Chief Finance Officer introduced the reports stating that the two reports were those deferred from the last meeting. The first report was the Annual report that included references to the ICT review which had been given minimal assurance; the Combined Authority took immediate action to employ SOCITM who had been working on the issues raised within the review.

The second report was an update on the Internal Audit Plan – officers had received a question prior to the meeting regarding the payment review – this had been approved by CMT earlier in the week to respond to concerns around recent payroll errors including pension contributions – the Combined Authority had requested that RSM review the current arrangements and agreements and whether there were sufficient in house capabilities.

- 5.3 The Head of ICT for SOCITM was in attendance to respond to queries regarding the ICT Review and advised that SOCITM contract was in place until January 2021 with the possibility of an extension of three months if required whilst the CA went out to

tender. A lot of progress had been made and SOCITM would have completed all the actions required from the audit by the end of the contract.

The Monitoring Officer advised that the CA were looking to go out to market and were confident that the timeline would be met.

The Committee were advised that there was no internal ICT at the Combined Authority and that senior officers had requested that RSM look into the ICT arrangements to ensure things were being done correctly.

The Monitoring Officer provided some clarity around the ICT situation – SOCITM was operating as a service provider for the Combined Authority; the items around the ICT review had not yet been re-audited following the intervention of SOCITM but there was every confidence that once this had been carried out there would be a positive assurance provided by the Internal Auditors which would be reported to the Committee.

- 5.4 In response to a query about the audit on risk the Monitoring Officer advised that there was a piece of work being undertaken by the governance team where RSM had been invited to work with the CA to ensure that risk within the Combined Authority was operating properly and this should be completed in the next 6-8 weeks and any changes to the strategy would be brought back to this committee.
- 5.5 The Committee were advised that the way the Head of Internal Audit formed his opinion was based on whether actions were being taken on any review that received minimal assurances and whether issues were being effectively addressed. Although there may be a minimal assurance the Internal Auditor could still give a positive assurance for the whole organisation if it was seen the Authority was taking action to address outstanding issues.
- 5.6 The Chief Finance Officer advised that RSM had recently been appointed as the Combined Authority Internal Auditors; they had reviewed all the risk registers for the Authority to highlight where the key areas of risk were. There were some areas which had been fast tracked such as the ICT and Payroll, but there would be ongoing work for the auditors as they reviewed risks that were up and coming for the Authority.
- 5.7 The Committee queried whether RSM also provided an advisory role for the Combined Authority as well as providing the recommendations from their reviews; RSM advised that this was an area they could get involved with. The Committee requested feedback on how the Internal Auditors could become involved in the development of policies and project management at the CPCA be provided within the next Internal Audit update.
- 5.8 The Committee AGREED to:
 - a) Receive and note the annual internal audit report for 2020/21 as provided by the Combined Authority's internal auditors, RSM Risk Assurance Services LLP (RSM).
 - b) Receive and note the internal audit progress report for 2021/22 as provided by RSM
 - c) The Committee requested that feedback on how the Internal Auditors could become involved in the development of policies and project management at the CPCA be provided within the next Internal Audit update.

6. Combined Authority Trading Companies

- 6.1 The Committee received the report from the Monitoring Officer which provided draft terms of reference in relation to the review and assessment of the Combined Authority's trading companies in line with the statutory powers invested in the Committee.
- 6.2 In response to a query – the MO advised that the new Terms of Reference could be presented to the CA Board to enshrine them and ensure that the shareholder transmits them onto the companies. In addition it could be put into the Constitution that the formation of any new company for the CPCA should include asking the A&G Committee to comment on the proposed governance arrangements.
- 6.3 The Committee needed to continue to explore the arrangements for each of the companies, and information would be provided to the members to aid this. The role for the Audit and Governance Committee to assess the CPCA's governance relationship with the companies.
- 6.4 In response to a question about whether the Committee could change the relationship between the CPCA and a company, the Chair advised that the Committee's role was to consider the appropriateness of the governance and controls that the CPCA put in place. The companies were independent entities operating within their own legal framework.
- 6.5 The Committee raised a concern around the wording that stated that the Committee 'ensures the internal controls' of a company. Officers were asked re-look at wording and number of points in the Terms of Reference to make sure they align with the A&G function. The Committee would be operating at arms length with no direct relationship with the companies and how they operated.
- 6.6 One member suggested that officers should seek advice and investigate what other councils did to define the governance arrangements of their companies.
- 6.7 The Chair stated that this had been a useful discussion and had highlighted some issues with the Terms of Reference which officers needed to address before they were included within the Constitution review.
- 6.8 The Committee RESOLVED not to accept the terms of reference of the Committee in relation to the Combined Authority trading companies as they had been presented but to request that:
- 1) Officers consider the wording of the Terms of reference to reflect the position and role of the Committee at the CPCA in relation to the relationship with trading companies.
 - 2) Officers reach out to other combined authorities and councils to seek their experiences of governance in this area and report back any findings to the Committee.
 - 3) Internal Audit be approached to discuss their potential involvement with the governance arrangements for trading companies and to provide an insight into a possible way forward.
 - 4) An update on these above actions should be provided at the next meeting.

7. One CAM Referral

- 7.1 The Committee received the report on the potential scope for an internal audit review of a Mayoral decision to pause the One Cam project in advance of the consideration of such a decision by the Combined Authority Board.

- 7.2 The Committee were advised that that the purpose of the review was to assess whether or not the decisions made were within the powers vested in those involved, The nature of the decisions was outside the scope of the review. In other words, did the decision-makers have the authority (competency) to make the decisions.

The officers agreed that the 'outside the scope of the report' would be re-worded to reflect that it was the competency of the decisions made by the CA Board and Executives of One CAM that would be in scope.

- 7.3 The Committee requested that the scope be amended to:

a) remove the third bullet point stating: 'is there any spend/spending commitment from the Combined Authority itself on the CAM programme or has it all been directed through One CAM Ltd' be removed from the scope as it was not relevant.

b) that it was the nature of the decisions made by the Mayor, CA Board and Executives of One CAM that would be out of scope.

- 7.4 The Committee AGREED subject to the above amendments to approve the scope for an internal audit review of a Mayoral decision.

8. Business Board – Format of Meetings

- 8.1 The Committee received the report which sought agreement to the proposed format change to allow meetings of the Business Board to be carried out in public (unless otherwise determined by the Chair) and make recommendation to the Combined Authority Board to approve the change.

- 8.2 The Committee were advised that the Business Board, as the LEP for the area, was not subject to the same regulations set out in the 1972 Local Government Act that other committee and council meetings were; the amendment which had been accepted by the Business Board captured the switch in the presumption which the Audit and Governance Committee had requested – there was no request to import detail on the protocol to how that would be applied.

- 8.3 The Chair advised he had met with the Business Board Chair, who was quite open to Audit and Governance Committee members attending any meeting of the Business Board. He had emphasised that the Business Board was keen to demonstrate that they operated as transparently as the nature of their business allowed..

- 8.4 The Committee requested that a vote be taken for the recommendations.

Following a vote with 6 votes FOR and 1 AGAINST the Committee AGREED to:

a) Note that the Business Board were asked to reconsider the recommendation from the Audit and Governance Committee, 'that there should be a presumption that meetings of the Business Board are carried out in public (unless otherwise determined by the Chair)'.

b) Note that the Business Board agreed the proposed change in meetings format on 14th September 2021.

c) Recommend the Combined Authority approve the proposed format change for future Business Board meetings.

9. Work Programme and Updated Terms of Reference

- 9.1 The Committee received the report which provided the Committee with the draft work programme for Audit and Governance Committee to note and requested that the

Committee consider and review the updated terms of reference at Appendix 1, which deals with the referral of matters to the Committee to consider under their work programme.

9.2 The Committee AGREED:

- a) the updated terms of reference for the committee.
- b) to note the current work programme for the committee.
- c) to hold an informal session to receive a Horizon Scanning update from Directors.
- d) to hold an informal session the week commencing the 25th October to consider the constitution review.

10. Corporate Risk Register

- 10.1 The Committee received the report which provided an update on the Corporate Risk Register.
- 10.2 The Committee requested that the CA Board consider whether they were satisfied that officers had considered the effect of increasing energy prices and the impact on supply chains when factoring the scores for the risks.
- 10.3 The Committee noted the Corporate Risk Register.

11. Information Governance Update

- 11.1 The Committee received the report which updated the Audit and Governance Committee on the current position with regards to the GDPR Policy and Information Governance Policy as recommend by the Information Governance Report prepared in October 2020 and put before the Audit and Governance Committee on the 5 March 2021 and provided data related to the number of corporate complaints and Freedom of Information requests for the period of 1 June 2021 to 31 August 2021.
- 11.2 In response to a question about whether constituent councils or external partners were signed up to the Combined Authority Data Protection Policy, the Monitoring Officer advised that GDPR would form part of any contract between any external organisation that the CA worked with.
- 11.3 In response to a query about how the reference to 'service users' was applied to the Combined Authority as a strategic body, the Committee were advised that this was relevant in the context of the passenger transport function which the Combined Authority had recently taken on.
- 11.4 The Committee AGREED to:
 - a) Note the Information Governance Update
 - b) Note the data on corporate complaints and freedom of information requests for June 2021 to August 2021
 - c) Note the new GDPR Policies for the Combined Authority set out at Appendix 1 to 7.
 - d) Recommend to the Combined Authority board that it approves and adopt the GDPR policies
 - e) Recommend the Combined Authority delegated authority to the Monitoring Officer to make consequential amendments to those Policies as required.

12. Date of next meeting

- 12.1 The next meeting would be held on the 26th November 2021

Venue: New Shire Hall Alconbury

Session to be arranged for Horizon Scanning with Directors – a face to face meeting if possible.

Session to be arranged w/c 25th October – Constitution review.

Meeting Closed: 12:45pm