



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

**JAMES PALMER**  
CAMBRIDGESHIRE &  
PETERBOROUGH MAYOR

## **AUDIT & GOVERNANCE COMMITTEE**

**Date: Friday, 02 October 2020**

**Democratic Services**

Robert Parkin Dip. LG.  
Chief Legal Officer and Monitoring Officer

**10:00 AM**

72 Market Street  
Ely  
Cambridgeshire  
CB7 4LS

**Due to Government guidance on social-distancing and the Covid-19 virus it will not be possible to hold physical meetings of the Combined Authority Board and the Combined Authority's Executive Committees for the time being. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 allow formal local government meetings to be held on a virtual basis, without elected members being physically present together in the same place. Meetings will therefore be held on a virtual basis and the procedure is set out in the "Procedure for Combined Authority Virtual Decision-Making" which can be viewed at the foot of the meeting page under the "Meeting Documents" heading. That document also contains a link which will allow members of the public and press to attend the virtual meetings.**

**[Venue Address]**

# **AGENDA**

**Open to Public and Press**

**1 Apologies for Absence and Declarations of Interest**

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's Announcements**

**3 Minutes of the Previous Meeting (i)**

To approve the minutes of the meeting held on 31 July 2020 together with the Committee Action Notes.

**A G Minutes 31 Jul 20**

**Minutes of the Previous Meeting (ii)**

To approve the minutes of the meeting held on 24 September 2020.

**4 CPCA Statement of Accounts and External Audit 2019/20**

To receive an update on the statement of accounts from the s.73 officer; and External Audit from Ernst & Young

**4 Statement of Accounts v2**

**5 Internal Audit**

i) To receive a final internal audit report for 2019/20

ii) To receive a draft Internal Audit Plan for 2020/21 from RSM UK

**IA Prog Rep FINAL (003)**

**Internal Audit RSM 2 October**

**6 Treasury Management Strategy Review**

The Committee to receive a report reviewing the current performance against the prudential indicators included within the Treasury Management Strategy.

**Item 6 Treasury Management Strategy v2**

**7 Combined Authority Board Update**

To receive an update from the Chief Executive

**8 Corporate Risk Register**

## Item 8 risk register v2

### 9 Audit and Governance Committee Work Programme

To receive an update on the current work programme for the Committee

#### Work Programme Cover Report 2020/21

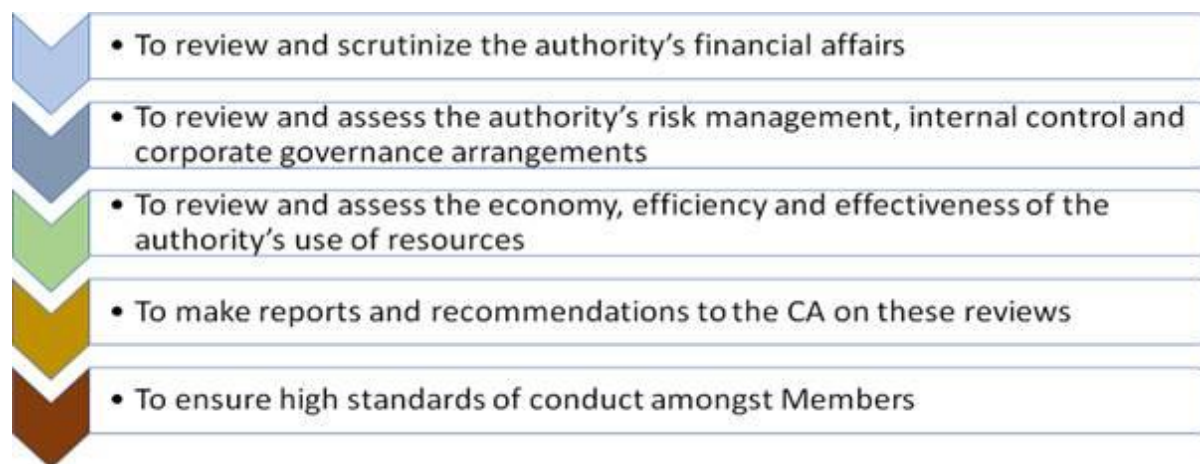
### 10 Date of next meeting:

Friday, 27 November 2020 at 10.00 a.m. via the Zoom platform

The Audit & 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.

Councillor David Brown
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John Pye
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Councillor Ian Benney
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Councillor Graham Bull
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Councillor Mike Davey
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Councillor Mark Goldsack	
Councillor Tony Mason	
Councillor Nick Sandford	
Clerk Name:	Robert Fox
Clerk Telephone:	
Clerk Email:	Robert.Fox@cambridgeshirepeterborough-ca.gov.uk



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

### **AUDIT AND GOVERNANCE COMMITTEE: MINUTES**

**Date:** Friday, 31 July 2020

**Time:** 10.00 a.m.

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

**Present:**

Mr John Pye  
Cllr Ian Benney  
Cllr David Brown  
Cllr Mark Goldsack  
Cllr Graham Bull  
Cllr Tony Mason  
Cllr Nick Sandford

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

**Officers:**

Kim Sawyer  
Robert Parkin  
Jon Alsop  
Robert Fox  
Francesca Houston  
Susan Hall  
Steve Crabtree

Chief Executive Officer  
Chief Legal Officer and Monitoring Officer  
Chief Finance Officer (s.73 Officer)  
Interim Scrutiny Officer  
Transport Programme Co-ordinator  
Governance Assistant  
Internal Auditor (Peterborough City Council)

#### **1. APOLOGIES AND DECLARATIONS OF INTERESTS**

- 1.1 Apologies were received from Cllr Mike Davey (Cambridge City Council). There were no declarations of interest.

#### **2. CONFIRMATION OF THE MEMBERSHIP OF THE AUDIT & GOVERNANCE COMMITTEE FOR MUNICIPAL YEAR 2020/21 AND THE ELECTION OF A COMMITTEE VICE-CHAIR**

- 2.1 It was confirmed that following the Annual General Meeting of Huntingdonshire District Council on 17 June 2020 Cllr Graham Bull had been confirmed as the representative of that constituent council on the Committee. The Chair placed on record his thanks to Cllr Mac McGuire for being his Vice-Chair for the last two years and his contribution to this Committee.
- 2.2 The Chair conducted the election of a new Vice-Chair. Cllr Ian Benney proposed Cllr David Brown as Vice-Chair and this was seconded by Cllr Mark Goldsack. Cllr Brown accepted the nomination and was duly elected as Vice-Chair.

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

- 3.1 The Chair invited the s.73 officer to update the Committee on the review of the Lancaster Way decision. At the May Audit and Governance Committee meeting, following a referral by the Transport and Infrastructure Committee, it was agreed to commission an independent review of the costs and timetable associated with the programme delivery of the Lancaster Way project against terms of reference agreed at that meeting. The Combined Authority approached a number of potential suppliers and, in consultation with Cambridgeshire County Council, have agreed to appoint a suitably qualified auditor to perform the review. An inception meeting to agree the process, timeline and requirements for carrying out the work is scheduled for 3 August. The supplier has been asked to provide a report to the Committee on their findings at the 2 October Committee meeting, or at an Extraordinary Committee meeting.
- 3.2 The register of interest forms recently forwarded to Members should be returned to Susan Hall at the Combined Authority as soon as possible.
- 3.3 The s.73 officer provided an update on Lancaster Way and stated an audit report would be provided at the next meeting of the Committee or at specially convened meeting. Following a question, the s.73 officer stated the cost of the audit review are being shared between the Combined Authority and Cambridgeshire County Council and will be approximately £40,000 in total.
- 3.4 With regard to the media reports of correspondence between the Minister for Housing, Communities and Local Government and the Mayor the Chair stated he had spoken with the External Auditors and was clear that the issues raised relate more to the terms of reference of the Overview & Scrutiny Committee. There are two distinct governance issues raised around a recruitment issue and an error in the Constitution. The Chair proposed that following the meeting the correspondence be shared with the Committee together with an analysis from the Chief Executive relating to each of the areas raised in the Minister's letter. An update will be sought for the meeting of the Committee on 2 October 2020.

### **RESOLVED**

- 3.5 A final audit report on Lancaster Way be brought to either a special meeting of the Committee before the next scheduled meeting or the meeting on 2 October 2020.
- 3.6 That an update on the correspondence between the MHCLG and the Mayor be brought to the meeting on 2 October 2020.

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

- 4.1 The minutes of the meeting held on 26 May 2020 were agreed.
- 4.2 The Action Sheet was reviewed by the Committee.

#### **RESOLVED:**

- 4.3 That the open actions should be presented at the top of the Action Sheets at future meetings.

#### **5. DRAFT FINANCIAL STATEMENTS 2019/20**

- 5.1 The s.73 officer presented the draft financial statements and confirmed publication will be on 31 August 2020 enabling further opportunity to reflect any amendments suggested by Members.
- 5.2 At the last meeting of the Committee it was highlighted that the pension notes were incomplete. These and amendments suggested by Ernst & Young have been incorporated into the revised draft. Suggestions made by the Committee at the last meeting have also been included in the revision.
- 5.3 The s.73 officer explained that subject to any other changes suggested the version of the financial statements received by the Committee will be published on the Combined Authority website along with the exercise of public rights. Public consultation on the statements will then commence on the first Monday in September. The Committee will receive the final version on 2 October 2020 with final publication on 30 November 2020.
- 5.4 The s.73 officer confirmed the strong financial position of the Combined Authority with net assets and resources of £170m. The Medium-Term Financial Plan was agreed by the CA Board in June to assist with the recovery post-Covid 19 and the financial statements show the Combined Authority can deliver on this.
- 5.5 Following a suggestion, it was agreed a note should be incorporated into the accounts to fully explain the adjustment on the LEP/Business Board accountability.
- 5.6 It was agreed a note should be incorporated into the accounts stating no bonuses are paid to senior staff and salaries are base pay – any reference to bonuses should, therefore, be removed. The narrative should also reflect expenses not subject to tax are not included.
- 5.7 The financial statements should reflect the risk register in future.
- 5.8 The Committee will receive the redrafted version of the financial statement following revisions prior to the period of public consultation.

#### **RESOLVED:**

- 5.9 A note on the adjustment on the LEP/Business Board accountability be included in the accounts.
- 5.10 Any reference to bonuses be removed from the accounts as this is superfluous together with a note to reflect expenses not subject to tax are not included.

- 5.11 The final statement of accounts to be presented at the 2 October 2020 meeting of the Committee.

## **6. EXTERNAL AUDIT UPDATE 2019/20**

- 6.1 Suresh Patel and Dan Cooke, Ernst & Young, were in attendance to present the update. It was explained the External Auditors became aware of the correspondence between the MHCLG and the Combined Authority at the same time as members and had requested a copy of the correspondence. They are satisfied that there are no significant issues that affect the audit. If anything subsequently comes to their attention this will be reported at the next meeting of the Committee.
- 6.2 It was reported that the original date to conclude the audit by the end of July was very ambitious due to the impact of Covid-19. Therefore, the full audit is yet to be completed. Completion is now expected at the end of August with the caveat that one area is outside the auditors' direct span of control, namely the Cambridgeshire Pension Fund. Work on this is ongoing but there are complexities which may extend this work to the end of September. The full audit report will be presented to the 2 October meeting of the Committee.
- 6.3 The financial statement will include some revised wording to take account of Covid-19 at the suggestion of the External Auditors.
- 6.4 A member of the public had asked about the governance and accountability of loans given to East Cambridgeshire Trading Company. Ernst & Young reported the s.73 officer had provided evidence in response to the questions raised.
- 6.5 The Chair thanked the External Auditors for their contribution and invited them to attend the next meeting to present the final audit and opinion.

### **RESOLVED:**

- 6.6 That the Committee welcomed the update on the external audit and requested the final audit and opinion be presented at the next meeting on 2 October 2020.

## **7. INTERNAL AUDIT AND OPINION 2019/20**

- 7.1 The Internal Auditor reported that the conclusion of 'reasonable assurance' had been reached across all works. The Combined Authority is in delivery phase and all governance arrangements are appropriate. There are no significant issues that should be reported to this Committee or on the Annual Governance Statement. There has been significant improvement on governance arrangements across all levels of the Authority.
- 7.2 Progress since the report at the last meeting of the Committee includes substantial assurance on the Project Management Framework and Performance Management. There is also substantial assurance on the assurance framework for the Business Board.
- 7.3 Following a question the Internal Auditor confirmed the level of spend on grant claims had been appropriate and the assurance level of 'certified' is a technical exercise rather than an assurance judgement.



- 7.4 Following a question on potential fraud the Internal Auditor stated the Combined Authority ICT is provided by Huntingdonshire District Council at part of 3C Shared Services and is working well with reassurances in place. With regard to potential email hacking the s.73 officer informed the Committee all Combined Authority laptops require valid passwords and, therefore, the previous interception would be much more difficult to access. There are other levels of access required to validate the receipt of grants.
- 7.6 The Chief Legal and Monitoring Officer suggested an item on Information Security and Information Governance be added to the Committee work programme. This was agreed.
- 7.7 The Internal Auditor was thanked by the Chair for the report.

**RESOLVED:**

- 7.8 A future item on Information Security and Information Governance be added to the Committee work programme.

**8. INTERNAL AUDIT 2020/21**

- 8.1 The s.73 officer outlined the procurement process to appoint a new internal audit function following the cessation of the Service Level Agreement with Peterborough City Council which had provided the function since the establishment of the Combined Authority.
- 8.2 There had been six expressions of interest and all had been invited to tender. Of these three compliant bids are being evaluated. The assessment and appointment should be concluded by week ending 10 August 2020 and an Internal Audit Plan will be presented to the 2 October 2020 meeting of the Committee.
- 8.3 The Chair suggested that the newly elected Vice-Chair also been involved in the presentation process, if available. The Chair stated he was encouraged by the progress on the appointment.

**RESOLVED:**

- 8.4 That the Internal Audit Plan for 2020/21 be presented to the next meeting by the successful appointee.

**9. ANNUAL GOVERNANCE STATEMENT 2019/20**

- 9.1 The Chief Legal and Monitoring Officer explained the reason why the Annual Governance Statement was being received by the Committee again following receipt at the last meeting. Essentially this was to give members the opportunity to comment upon the document once again now the internal audit and opinion has been received. The narrative in the appendix looks at the development of capacity within the organisation and brings together a declaration of independent assurance work, risk management and control. The document itself is retrospective. A typographical error was brought to the attention of the Committee for correction in the statement.

- 9.2 The Chief Legal and Monitoring Officer informed the Committee that there is work ongoing to maintain the currency and effectiveness of the current Combined Authority Constitution. The Combined Authority Board will receive the updated Constitution for approval at its meeting on 30 September 2020. Stakeholders are being engaged as part of this process. The Committee will be invited to a Workshop session in mid-September, and the intention is to call a special meeting of the Committee in late September to receive sign-off prior to presentation to the CA Board.

**RESOLVED:**

- 9.3 That the Committee be invited to attend a Workshop session and that the Committee is called into special session for consideration of the revised Constitution in late September.

**10. COMBINED AUTHORITY BOARD UPDATE**

- 10.1 The Chief Executive Officer provided a verbal update to the Committee and reported there had only been one meeting of the Combined Authority Board since the last meeting of this Committee, which was the CA Board Annual General Meeting. That meeting had agreed and adopted the Complaints Policy which had been approved at the last Audit & Governance Committee meeting.
- 10.2 The Chief Executive Officer explained the measures undertaken by the Combined Authority to counteract the economic impact of Covid-19. Additionally the Combined Authority is issuing a prospectus to enable market towns to generate and invest in their areas to assist with the response to the virus.
- 10.3 A Gateway Review has been active since July to ensure visibility in what the Combined Authority undertakes. Wisbech Rail is part of this review and a positive announcement on this is expected soon. The Review is part of the Assurance Framework when the Combined Authority was established and as such gives direct accountability to the MHCLG. The Review is normally every five years but is taking place after three years to ensure future funding. As part of the Review the Combined Authority has written to the Minister highlighting what has been delivered including, amongst other things, the University of Peterborough; construction work on the restored Soham station; the business case for the dualling of the A10; and key junction improvements in Fenland.
- 10.4 With regard to correspondence with the MHCLG clarification is being sought on five areas. The Constitution review is taken consideration of the matters raised by the Minister, and these will be shared with the Committee as part of the consultation on the review. The Chief Executive reiterated that the Combined Authority has not done anything unlawful or outside permitted boundaries. The Chief Executive stated she would provide the Committee with all correspondence between the Authority and the MHCLG.
- 10.5 Following a question the Chief Executive confirmed the University of Peterborough HE Partner has been appointed. Anglia Ruskin University will be the provider with the intention that there will be a fully independent University in due course.

- 10.6 There was widespread support from the Committee for the additional funds being provided to market towns to assist in the Covid-19 economic recovery.
- 10.7 The Chair thanked the Chief Executive for her contribution which adds context to the work of the Committee.

**RESOLVED:**

- 10.8 That the Chief Executive provide the Committee with the relevant correspondence between the MHCLG and the Combined Authority.

**11. INDEPENDENT COMMISSION ON CLIMATE CHANGE**

- 11.1 The Chief Executive introduced Paul Raynes, Director of Delivery and Strategy and Adrian Cannard, Strategic Planning Manager and invited them to update the Committee on the procedures to appoint the Chair of the independent Commission on Climate Change and subsequently the Commission itself.
- 11.2 The Chair of the Commission is Baroness Brown of Cambridge who has a prominent role in the climate change field, as highlighted in the report that accompanies this item. The inaugural meeting of the Commission finished shortly before this item was presented to the Committee and it is clear the Commission wishes for strong recommendations and influence for delivering actions on climate change.
- 11.3 A note was requested on who is on the Commission as well as how members can contribute. Adrian Cannard confirmed he is the point-of-contact for the Commission in terms of ideas, and he stated any contributions from Members of the Committee would be welcomed, as the Commission wishes to have as wide an engagement as possible and should be sent directly to him.
- 11.4 There was some concern expressed with regard to the Commission appointments and whether it was an open appointment process. The Chair's comments with regard to this were noted. As a non-remunerated Commission, the group was selected based upon expertise – had it been a remunerated Commission there would have been an open appointment process it was explained. Commission members were selected on an individual basis not through organisations. The appointment process followed appropriate governance procedures.
- 11.5 The Chief Executive informed the Committee the Constitution review will look to elaborate upon the internal controls for the appointments to Boards, Commissions and Working Groups.
- 11.6 There was support across the Committee for the establishment of the Commission and an update was requested for the meeting in December 2020 with particular focus on how the Commission recommendations will be formulated.

**RESOLVED:**

- 11.7 The names of all on the Independent Commission on Climate Change to be provided to the Committee.
- 11.8 A further report to the Committee be programmed for December 2020 to explain the process for formulating recommendations.

## **12. CORPORATE RISK REGISTER**

- 12.1 As requested at the previous meeting the risks were presented in order of RAG rating from highest to lowest. The only 'red' risk being the impact of Covid-19 which is presented as a single risk due to the immediate financial risk it poses to the Combined Authority area.
- 12.2 A request to include climate change as a discrete risk was raised again by the Committee. The Chief Executive explained climate change is considered in how it manifests itself in the delivery of all infrastructure projects. There was a level of disquiet from the Committee regarding this. The Combined Authority will consider advice from the Independent Commission on Climate Change to see whether climate change ought to be reflected as an individual risk on the register. Members of the Committee requested that climate change should be a discrete risk and requested it is presented so at future meetings.
- 12.3 Cllr Mason undertook to forward a document highlighting the sort of questions an organisation would be required to answer as part of the new Task Force on Climate Related Financial Disclosure (TCFD) from 2022. It was suggested this in turn be forwarded to the co-ordinators of the Independent Commission.

### **RESOLVED:**

- 12.4 That Climate change should appear on future risk register reports to the Committee as a discrete risk.
- 12.5 Cllr Mason's documentation to be forwarded to the co-ordinators of the Independent Commission on Climate Change.
- 12.6 A further update on the Corporate Risk Register will be received at the 2 October 2020 meeting of the Committee.

## **13. AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME**

- 13.1 With the amendment of a typographical error and an incorrect date for the April 2021 meeting the Committee work programme was noted.
- 13.2 The Scrutiny Officer stated he would welcome any suggestions on the new template presented.

## **14. DATE OF NEXT MEETING**

- 14.1 The next scheduled meeting of the Committee would be Friday, 2 October 2020 at 10.00 a.m. (by Zoom).

The meeting closed at 12.43 p.m.



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

## **AUDIT & GOVERNANCE COMMITTEE - Decision Summary**

**Meeting:** Friday, 31 July 2020

[AGENDA](#)

Chair: John Pye (Chair and Independent Person)

Summary of decisions taken at this meeting

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
1	<b>Apologies and Declarations of Interests</b>	Apologies were received from Cllr Mike Davey (Cambridge City Council). There were no declarations of interest.
2	<b>Confirmation of Membership of the Audit &amp; Governance Committee for Municipal Year 2020/21 and Election of Vice-Chair</b>	<ol style="list-style-type: none"><li>1. Cllr Graham Bull has replaced Cllr Mac McGuire as the representative of Huntingdonshire District Council on the Committee.</li><li>2. Cllr David Brown was nominated and seconded as Vice-Chair and duly elected.</li></ol>
3	<b>Chairs Announcement's</b>	<ol style="list-style-type: none"><li>1. Lancaster Way: At the May Audit and Governance Committee meeting, following a referral by the Transport and Infrastructure Committee, it was agreed to commission an independent review of the costs and timetable associated with the programme delivery of the Lancaster Way project against terms of reference agreed at that meeting. The</li></ol>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>Combined Authority approached a number of potential suppliers and, in consultation with Cambridgeshire County Council, have agreed to appoint a suitably qualified auditor to perform the review. An inception meeting to agree the process, timeline and requirements for carrying out the work is scheduled for Monday 3<sup>rd</sup> August. The supplier has been asked to provide a report to the Committee on their findings at the 2 October Committee meeting, or at an Extraordinary Committee meeting.</p> <p>2. Register of Interest Forms: The Chair reminded members of the Committee to complete the Register of Interest forms recently forwarded to them via their respective constituent councils.</p> <p>3. MHCLG Correspondence: The Chair informed members of the Committee that he had spoken to the external auditors and was satisfied the issues referred to in the local press were a matter for the Overview &amp; Scrutiny Committee – the only governance issues were related to an error in the Constitution and a single recruitment issue. The Chair has requested an update on these two issues at the next meeting on 2 October. The Chair proposed the correspondence between the Mayor and the Minister be shared with the Committee together with an analysis from the Chief Executive of the issues raised by the Minister in the correspondence.</p> <p><b>RESOLVED:</b></p> <p>1. The Lancaster Way independent review would be received at an Extraordinary meeting or at the next meeting on 2 October, depending upon timescales.</p> <p>2. The Mayor of the Combined Authority be invited to the 2 October meeting to update the Committee on the MHCLG correspondence relating to governance issues.</p> <p>3. The MHCLG/Mayoral correspondence be circulated to the Committee together with an analysis of the issues raised by the Minister.</p>
4	<b>Minutes of the last meeting</b>	<p>1. The minutes of the last meeting held on 26 May 2020 were agreed as an accurate record.</p> <p>2. The Chair requested that ‘open actions’ be reverted to the top of the Action Sheet at future meetings.</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
5	Draft Financial Statements 2019/20	<ol style="list-style-type: none"> <li>1. S.73 Officer highlighted that the final publication date for the accounts is 30 November 2020 with the final version brought to the Committee on 2 October.</li> <li>2. With any amendments suggested by the Committee the version presented would be uploaded onto the CA website and public consultation will commence on the first Monday in September.</li> <li>3. Following a suggestion, a note should be incorporated into the accounts to fully explain the adjustment on the LEP/Business Board accountability.</li> <li>4. A note should be incorporated into the accounts stating no bonuses are paid to senior staff and salaries are base pay – any reference to bonuses should, therefore, be removed. The narrative should also reflect expenses not subject to tax are not included.</li> <li>5. The financial statements should reflect the risk register in future.</li> <li>6. The Committee to receive the redrafted version of the financial statement following revisions prior to the period of public consultation.</li> </ol> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. The final statement of accounts to be presented at the 2 October 2020 meeting of the Committee.</li> </ol>
6	External Audit Update 2020/21	<ol style="list-style-type: none"> <li>1. The audit has not, as yet, been completed to the ambitious deadline of the end of July 2020. It will be, in the most part, completed by the end of August. However, owing to complexities related to the Cambridgeshire Pension Fund it will be the end of September when complete and be presented to the 2 October meeting of the Committee.</li> <li>2. Ernst &amp; Young were made aware of the MHCLG correspondence and are satisfied there are no significant issues that impact on the audit. If anything comes to light this will be reported at the next meeting.</li> </ol> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. The final audit and opinion be presented at the 2 October 2020 meeting of the</li> </ol>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		Committee.
7	<b>Internal Audit and Opinion 2019/20</b>	<ol style="list-style-type: none"> <li>1. There were no significant issues to be reported and this is reflected in the Annual Governance Statement.</li> <li>2. There has been significant improvement of governance across all levels of the organisation.</li> <li>3. There will be a future report to the Committee on information security and governance.</li> </ol> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. A report on information security and governance to be submitted to the Committee. This to be included in the work programme at an agreed date.</li> </ol>
8	<b>Internal Audit 2020/21</b>	<ol style="list-style-type: none"> <li>1. There had been six expressions of interest to take forward the Internal Audit function following the cessation of the SLA with Peterborough City Council. Of these, three bids had been evaluated as compliant.</li> <li>2. The assessment will be complete, and an appointment made by week ending Friday, 14 August and the internal audit plan will be presented at the 2 October meeting of the Committee</li> <li>3. The Chair will be present at the presentations and he requested the Vice-Chair be involved also, if available.</li> </ol> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. Subject to availability the Vice-Chair be invited to the evaluation presentations.</li> <li>2. The Internal Audit Plan 2020/21 to be presented at the 2 October 2020 meeting of the Committee</li> </ol>
9	<b>Annual Governance Statement</b>	<ol style="list-style-type: none"> <li>1. A typographical error was pointed out on page 125 of the Committee papers – the year referenced should be 2019/20.</li> <li>2. The Monitoring Officer drew Committee attention to the current review of the Constitution and that there would be a workshop session on this for Members in</li> </ol>



Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>mid-September. Members requested that, if possible, this be held on the same date as any Extraordinary meeting related to Lancaster Way.</p> <p>3. There was a request for consistency on the acronyms used for the Cambridgeshire &amp; Peterborough Combined Authority in documentation.</p> <p><b>RESOLVED:</b></p> <p>1. That a date for the workshop session for the Constitution review be forwarded to the Committee members as soon as possible.</p>
10	<b>Combined Authority Board Update</b>	<p>1. The Chief Executive provided an update on the Combined Authority.</p> <p>2. Since the last meeting of the Committee there had only been one CA Board meeting at which the Complaints Policy was agreed and adopted. This had been approved at the last Audit &amp; Governance Committee meeting.</p> <p>3. The Chief Executive updated the Committee on measures being undertaken to mitigate the economic impact of Covid-19.</p> <p>4. A positive announcement on Wisbech Rail is expected shortly. This has formed part of the Gateway Review currently ongoing which has a number of positive messages being reported back to MHCLG.</p> <p>5. The University of Peterborough HE Partner has been appointed. Anglia Ruskin University will be the provider with the intention that there will be a fully independent University in due course.</p>
11	<b>Independent Commission on Climate Change</b>	<p>1. The inaugural meeting of the Commission was on the morning of this meeting.</p> <p>2. A request for the names of those on the Commission was made.</p> <p>3. Any contributions from Members of the Committee would be welcomed, as the Commission wishes to have as wide an engagement as possible and should be sent directly to Adrian Cannard.</p> <p>4. There was some concern expressed with regard to the Commission appointments and whether it was an open appointment process. The Chair's comments with</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>regard to this were noted. As a non-remunerated Commission, the group was selected based upon expertise – had it been a remunerated Commission there would have been an open appointment process.</p> <p>5. As part of the Constitution review there will be a section on working groups which will elaborate upon the internal controls for the appointments to Boards, Commissions and Working Groups.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. The names of all on the Independent Commission on Climate Change will be provided to the Committee.</li> <li>2. The Constitution review should include protocols for appointments to Boards, Commissions and Working Groups.</li> <li>3. A further report to the Committee be programmed for December 2020 to explain the process for formulating recommendations.</li> </ol>
12	Corporate Risk Register	<ol style="list-style-type: none"> <li>1. As requested at the previous meeting the risks were presented in order of RAG rating from highest to lowest. The only 'red' risk being the impact of Covid-19.</li> <li>2. A request to include climate change as a discrete risk was raised once more. The Chief Executive explained climate change is considered in how it manifests itself in the delivery of all infrastructure projects. There was a level of disquiet from the Committee regarding this. The CA will consider advice from the Independent Commission on Climate Change to see whether climate change ought to be reflected as an individual risk on the register. Members of the Committee requested that climate change is considered a discrete risk.</li> <li>3. Covid-19 appears as a single risk due to the immediate financial risk it poses to the Combined Authority area.</li> <li>4. Cllr Mason undertook to forward a document highlighting the sort of questions an organisation would be required to answer as part of the new Task Force on Climate Related Financial Disclosure (TCFD) from 2022. It was suggested this in turn be</li> </ol>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>forwarded to the co-ordinators of the Independent Commission on Climate Change.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. Climate change to appear on future risk register reports to the Committee as a discrete risk.</li> <li>2. A further update on the Corporate Risk Register will be received at the 2 October 2020 meeting of the Committee.</li> </ol>
13.	<b>Work Programme</b>	<ol style="list-style-type: none"> <li>1. The revised format was welcomed, and the Scrutiny Officer requested any further feedback on work programme presentation be forwarded to him.</li> <li>2. Revisions to the work programme based on this meeting would be reflected in a revision to be published with the minutes of the meeting.</li> <li>3. A typographical error will be corrected, and the date of the April 2020 meeting amended following the confirmation of dates at the last CA Board meeting in June 2020.</li> </ol> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. The work programme revisions to be published alongside the minutes of the meeting</li> </ol>
14.	<b>Date of Next Meeting</b>	<p>The next meeting will be held virtually on the Zoom platform on 2 October 2020 at 10.00 a.m.</p>



### Audit and Governance Committee Action Sheet 2020/21

Meeting Date	Action	Officer	Delegated officer	Completed
	<b>OPEN ACTIONS</b>			
26 May 2020/31 July 2020	The Committee agreed to an independent review of the Lancaster Way Traffic Scheme	John Pye (Chair)/Robert Parkin/Jon Alsop		Chair's Announcement at 31 July 2020 meeting and further update at this meeting
31 July 2020	The Mayor of the CA be invited to the 2 October 2020 meeting of the Committee to update on the MHCLG correspondence	Scrutiny Officer		Mayor James Palmer has confirmed attendance at the meeting of 27 November as he is away on 2 October
31 July 2020	A report on information security and governance to be submitted to the Committee. This to be included in the work programme at an agreed date.	Robert Parkin		To be timetabled on the Committee Work Programme
31 July 2020	A further report to the Committee be programmed for December 2020 to explain the process for formulating recommendations	Paul Raynes	Adrian Cannard	January 2021 – no Committee meeting in December 2020
31 July 2020	Climate change to appear on future risk register reports to the Committee as a discrete risk.	Francesca Houston		Ongoing
26 May 2020	The Independent Commission on Climate Change would be commencing its work shortly. The Chair asked that climate change be included on the Risk Register	Francesca Houston		Ongoing

26 May 2020	There should be ongoing work to present the Risk Register in a legible format	Francesca Houston		Ongoing
26 May 2020	There be a future development session for the Committee on Trading Companies	Robert Parkin/ Rochelle White		To be timetabled
26 May 2020	A response would be provided to the Committee related to the employment status of the Trading Companies Company Secretary	Robert Parkin		Verbal confirmation to be provided at 31 July 2020 meeting
26 May 2020	Future 'to note' items are sent to members in advance of Committee publication deadlines	Robert Fox		Ongoing
26 May 2020	The Committee agreed to an independent review of the Lancaster Way Traffic Scheme	John Pye (Chair)/Robert Parkin/Jon Alsop		Chair's Announcement at 31 July 2020 meeting and update at this meeting
26 May 2020	Value for Money Workshop	Robert Fox/Jon Alsop		October 2020
26 May 2020	Adult Education Budget A & G requested a landscape view on areas where money has been contracted and the Combined Authority has the authority/obligation that standards are met.			November 2020
26 May 2020	Update from the Data Protection Officer Update to include data on aspects such as the volume of data, any requests for erasure etc.	Robert Parkin	Rochelle White	January 2021

	CLOSED ACTIONS			
31 July 2020	The MHCLG/Mayoral correspondence be circulated to the Committee together with an analysis of the issues raised by the Minister.	Kim Sawyer	Robert Parkin	Circulated to members of the Committee
31 July 2020	The Internal Audit Plan 2020/21 to be presented at the 2 October 2020 meeting of the Committee	Jon Alsop	RSM UK	Completed on agenda
31 July 2020	That a date for the workshop session for the Constitution review be forwarded to the Committee members as soon as possible.	Robert Parkin	Scrutiny Officer	Occurred on 17 September 2020 followed by a meeting to consider Constitution revisions on 24 September
31 July 2020	The names of all on the Independent Commission on Climate Change will be provided to the Committee.	Paul Raynes	Adrian Cannard	Provided to Committee members
31 July 2020	The Constitution review should include protocols for appointments to Boards, Commissions and Working Groups.	Robert Parkin		Consideration as part of the Constitution work moving forward
31 July 2020	A further update on the Corporate Risk Register will be received at the 2 October 2020 meeting of the Committee.			Completed on agenda
31 July 2020	The work programme revisions to be published alongside the minutes of the meeting	Scrutiny Officer		Published on the CA meetings website

26 May 2020	The Annual Report of the Chair of the Audit & Governance Committee for 2019/20 to the CA Board on 3 August 2020	John Pye (Chairman)		5 August 2020 (revised CA Board date)
26 May 2020	Chief Executive to provide detail on the Local Transport Plan and how it relates to Peterborough	Kim Sawyer (CEO)		Provided in advance of 31 July 2020 meeting.
26 May 2020	Any changes to the membership of the Committee to be reported to the next meeting.	Robert Fox		Completed on agenda.
26 May 2020	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	Jon Alsop		Completed on agenda.
26 May 2020	Action Sheets to be presented to future meetings in a format that more clearly distinguished open and closed actions	Robert Fox		Completed on agenda
26 May 2020	The Chair asked that the final statement of accounts be forwarded to members in advance of the publication deadline for the 31 July 2020 Committee meeting.	Jon Alsop		Completed
26 May 2020	A member requested further detail on the loans provided and who they were to as there are likely to be questions prompted by this	Jon Alsop		Completed on agenda
26 May 2020	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	Jon Alsop		Completed on agenda
26 May 2020	The final statement of accounts notes would provide context to salaries and salary related payments	Jon Alsop		Completed on agenda



26 May 2020	A further update on External Audit requested for 31 July 2020 meeting	Ernst & Young		Completed on agenda
26 May 2020	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	Francesca Houston		Completed on agenda
26 May 2020	The presentation of the work programme be developed to improve clarity	Robert Fox		Completed on agenda
26 May 2020	Protocols for agreeing changes to the Audit Plan and developing future plans would be included as part of the next report to Committee in December 2019.	Steve Crabtree/Jon Alsop		Completed.





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 4</b>
<b>2 OCTOBER 2020</b>	<b>PUBLIC REPORT</b>

## STATEMENT OF ACCOUNTS

### 1.0 PURPOSE

- 1.1. The purpose of the report is to update the Audit and Governance Committee on the preparation and audit of the 2019/20 Statement of Accounts.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Jon Alsop – Head of Finance (S73)</b>
<p>The Audit and Governance Committee is recommended to:</p> <p>(a) Note progress towards the preparation and audit of the 2019/20 Statement of Accounts</p>	

### 2.0 BACKGROUND

- 2.1. Due to the impact of COVID-19 on local authorities, MHCLG made amendments to the required timing of the publication of local authority accounts and of the public inspection requirement, as follows:
- For 2019/20, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.
  - The publication date for final, audited, accounts moved from 31 July (for Category 1 authorities) to 30 November 2020 for all local authority bodies.
- 2.2. At the meeting of 31 July 2020, the Committee reviewed the draft Statement of Accounts. The Committee suggested a number of changes to be made to the statement of accounts before they were published as 'draft' on the Combined Authority's website on 27<sup>th</sup> August 2020, together with the notice of the exercise of public rights.

- 2.3. The notice of the exercise of public rights states that the documents are unaudited and subject to change and sets out the rights of members of the public and local government electors in the audit process.
- 2.4. Any person may inspect and take copies of the accounts and certain related documents. During this period, the Cambridgeshire and Peterborough Combined Authority electors will be able to ask the external auditor questions on the accounts and are able to object to the accounts. The formal review period started the day after publication and will complete on the 9th October.

### **3.0 AUDIT UPDATE**

- 3.1. The Ernst and Young (EY) audit is in progress with an expectation that they will complete their procedures by 9 October. Subject to completing the outstanding procedures they anticipate issuing an unqualified audit opinion and have no matters to report on Value for Money (VFM).
- 3.2. To date EY have identified a small number of adjustments to the CPCA draft accounts including revisions to the disclosure relating to going concern. However, EY have not identified any adjustments that impact on CPCA's level of general fund balances.
- 3.3. EY are awaiting information from the auditor of the Cambridgeshire Pension Fund in respect of CPCA's pension liability and associated disclosures (new for the 2019/20 statements). Audit work on all local government pension funds for 2019/20 is taking longer to complete. The pension fund accounts and audit has been impacted by Covid-19 in respect of the difficulties in obtaining evidence to support the valuation of investments. In addition, as all pension funds were subject to a triennial valuation at 31 March 2019, the auditor has been required to carry out detailed testing on a large sample of membership data. EY expect to receive the letter from the pension fund auditor by early/mid October.
- 3.4. Following a written invitation from the Mayor, EY is considering the issues raised by the Minister for Regional Growth and Local Government in his letter to the Mayor as part of their 2019/20 audit responsibilities and have requested further information from officers to inform their audit conclusion. This work is in progress and will need to be completed before EY issue their audit report.
- 3.5. The intention is for the audit to be completed and for the final version of the accounts to be brought to the November Committee in advance of the publishing deadline of 30<sup>th</sup> November.

### **4.0 FINANCIAL IMPLICATIONS**

- 4.1. The fee for the planned code work is £26,950. EY's proposed uplift is £2,695 and additional fees are expected to be between £9,000 and £16,000. The total audit fee for the year is therefore expected to be between £38,645 and £45,645. Last year's total fee was £35,350.

The additional fees cover the following:

Value for Money Conclusion significant risk - £3,000 to £6,000  
Significant risk – incorrect capitalisation - £1,000 to £2,000  
IAS 19 audit of pension disclosures - £2,500 to £4,000  
Correspondence from the public - £2,500 to £4,000

## **5.0 LEGAL IMPLICATIONS**

5.1. None.

## **6.0 SIGNIFICANT IMPLICATIONS**

6.1. None.

## **7.0 APPENDICES**

7.1. None

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
Published Draft Statement of Accounts	<a href="https://cambridgeshirepeterborough-ca.gov.uk/news/2019-20-combined-authority-draft-statement-of-accounts-published/">https://cambridgeshirepeterborough-ca.gov.uk/news/2019-20-combined-authority-draft-statement-of-accounts-published/</a>





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No:</b>
<b>02 OCTOBER 2020</b>	<b>PUBLIC REPORT</b>

## **INTERNAL AUDIT: PROGRESS REPORT 2020 / 2021**

### **1.0 PURPOSE**

- 1.1 Internal Audit provide assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority are appropriately managed, monitored and delivered in accordance with set governance, controls and risk management frameworks. This report provides details of the progress made in delivering works during 2020 / 2021.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Steve Crabtree, Peterborough City Council</b>
The Audit and Governance Committee is recommended that the final progress report from Peterborough Internal Audit service is considered.	

### **2.0 BACKGROUND**

- 2.1 The reports provide an independent and objective opinion on the Combined Authority's effectiveness in managing risk management, governance and the control environment. All reports will also feed into the Internal Audit annual report that will be prepared at the end of the financial year. The Annual Report will provide an overall audit opinion on the adequacy and effectiveness of the governance, risk management and internal control processes, based upon the outcome of the reviews completed during the year.

### **3.0 PROGRESS**

- 3.1 As instructed by the Combined Authority, our focus in year to date has been on completing assessments of the various grant claims which relate to both the (former) Local Enterprise Partnership and the Combined Authority.

### 3.2 GRANTS

BEIS LEP Project Grant	Certified	<p>There was initial delays in being able to complete the certification as a result of lockdown. The CPCA submitted the grant prior to audit.</p> <p>Following our review of the financial records maintained, supporting documentation and the grant conditions imposed, the grant total was amended due to an error in the overhead rate which had been applied.</p> <p>A revised submission was signed and issued.</p>
EU Exit Grant	-	<p>This was a new grant brought to our attention which was not on our work plan.</p> <p>As this was a grant alongside similar ones we have asked for additional information and documentation so that it can be demonstrated that there is no doubling counting of expenditure. This remains outstanding.</p>
Local Transport Capital Funding 2019 / 2020	Certified	<p>Transport Grants coordinated through the CPCA require a declaration to be sent to the Department for Transport.</p> <p>Submissions have been completed by the Internal Audit teams at Peterborough City Council and Cambridgeshire County Council. They have acknowledged and verified the levels of spend for each category and provided a certificate following reviewing the appropriateness of the spending.</p> <p>As Chief Internal Auditor for the CPCA, I have looked to place reliance on their works.</p> <p>Following sample checks of the claims and completed statements I can confirm to DfT that monies had been spent in line with the determination letters.</p> <p>The grant letter was issued in line with prescribed deadlines to the CPCA and external agencies.</p>



**4.0 LEGAL IMPLICATIONS**

4.1 The Accounts and Audit Regulations 2015, Regulation 5, requires a relevant organisation to undertake an effective internal audit to evaluate the effectiveness of its risk, control and governance processes, taking into account public sector internal auditing standards or guidance.

**SIGNIFICANT IMPLICATIONS**

There are no direct wider CPCA implications arising from this report.

<u>Source Documents</u>	<u>Location</u>
List background papers:	





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 5</b>
<b>2 October 2020</b>	<b>PUBLIC REPORT</b>

## **INTERNAL AUDIT 2020/21**

### **1.0 PURPOSE**

- 1.1 This report provides an introduction to the newly appointed internal auditors, RSM Risk Assurance Services LLP, and provides detail of the development of a three-year internal audit strategy and the 2020/21 internal audit plan.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Jon Alsop – Head of Finance (S73)</b>
<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none"><li>(a) Note the appointment of RSM Risk Assurance Services LLP as the Combined Authority's internal audit service providers.</li><li>(b) Note progress being made towards the development of a three-year internal audit strategy and the 2020/21 internal audit plan</li></ul>	

### **2.0 BACKGROUND**

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

- 2.2. At its July meeting, the Committee was advised that the Combined Authority was conducting a procurement exercise for the future internal audit service, and that the chosen supplier would present their draft audit plan to the Committee at the next meeting.
- 2.3. RSM Assurance Limited were the successful supplier in the procurement process and have set out their draft internal audit strategy for 2020/21 to 2022/23 and their draft internal audit plan for 2020/21 at appendix 1.
- 2.4. The Committee is asked to provide comment on the documents to inform the development of a comprehensive and more considered version of the audit plan to be presented to the Committee at the November meeting.
- 2.5. An introduction to Dan Harris and the RSM team is shown at appendix 2.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1. The service is provided on an daily rate basis and will be dependent on the level of internal audit activity agreed, and within the allocated budget

### **4.0 LEGAL IMPLICATIONS**

- 4.1. None.

### **5.0 APPENDICES**

Appendix 1. RSM Draft audit strategy and plan.

Appendix 2. Introduction to RSM

<u>Source Documents</u>	<u>Location</u>
None	n/a



# CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Internal Audit Strategy 2020/21 - 2022/23: **DISCUSSION DRAFT**

Presented at the Audit & Governance Committee meeting of 2 October 2020

This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM Risk Assurance Services LLP  
will accept no responsibility or liability in respect of this report to any other party.

## EXECUTIVE SUMMARY

Our **discussion draft** of the Internal Audit Plan for 2020/21 is presented for consideration by the Audit & Governance Committee. Please note that this document needs to be further informed by wider discussions with the CMT and will be represented to the Audit & Governance Committee at the November 2020 meeting. As the developments around Covid-19 will continue to impact on all areas of the organisation's risk profile, we will 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.

The key points to note from our plan are:

**2020/21 Internal Audit priorities:** Internal audit activity for 2020/21 is based on analysing your corporate objectives, risk profile and assurance arrangements as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2020/21 is still being developed. However, we have identified some initial areas for coverage with the intention of providing a full plan at the next Audit & Governance Committee meeting in November 2020. The initial proposed areas for coverage are highlighted within section two below.



We are **seeking approval at the October meeting for two audits** to be scoped and commenced ahead of the November 2020 meeting, namely:

- **Risk Management** – proposed to be undertaken in October 2020, and will enable us to review the risk framework in place and have confidence that our audits driven from the risk register are indeed the right areas of risk.
- **Key Financial Controls** – An audit that will typically be covered in each year of the internal audit plan, but of particular importance given the remote working that the authority has encountered in 2020/21 due to the covid pandemic.



**Resource:** RSM are aware of the need to deliver an Annual Internal Audit Opinion by 31<sup>st</sup> March 2021 and have allocated the resources to deliver all audits agreed within the plan by the year end.



**Committee Development Session:** We have agreed with the Combined Authority to hold a development session for the members of the Audit & Governance Committee on developing your internal audit service, this will include the role of internal audit, our approach, methodology, reporting and how the Combined Authority can benefit from the value of Internal Audit.



**Core Assurance:** The core assurance pieces for the 2020/21 audit plan includes the review of Key Financial Controls which could consider a selection of controls adjusted for COVID-19 priorities. In addition, as part of our work to support to inform the Head of Internal Audit Opinion we will review the effectiveness of the organisations Risk Management arrangements.



**‘Agile’ approach:** Our approach to working with you will always be one where we will respond to your changing assurance needs, which is particularly important in light of the COVID-19 Pandemic. By employing ‘agile’ or a ‘flexible’ approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to Audit & Governance committee during the year.



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# 1. YOUR INTERNAL AUDIT PLAN 2020/21

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 and Peterborough Combined Authority in the year ahead, including changes within the sector.

## Risk management processes

We have reviewed your risk registers and held discussions with various members of the management team to inform the initial elements of the internal audit strategy however, due to time constraints, we have not been able to meet with all of the required key stakeholders (Audit and Governance Chair and wider SMT members for example) and therefore we have prepared this paper as a 'discussion draft'. To date we have met with:

- Jon Alsop – Chief Finance Officer
- Anne Gardiner – Scrutiny Officer
- Robert Parkin – Chief Legal Officer (LMO)
- Robert Fox – Scrutiny Officer

We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management however, have also not been able to meet with the previous Internal Auditors and the current External Auditors prior to the October 2020 committee paper deadline. We have therefore only prepared an outline plan with some initial areas of consideration outlined for the 2020/21 financial year which will be subject to further review and consideration prior to presentation of a full plan at the November 2020 Audit & Governance Committee.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

## 2. INTERNAL AUDIT PLAN 2020/21

The table below shows potential reviews for coverage in 2020/21 that will be further refined following the October 2020 Committee meeting.

The table details the strategic risks which may warrant internal audit coverage and require further discussion with the CMT ahead of formal approval by this Committee. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes; grant audit coverage, time for tracking the implementation of actions and an audit management allocation.

Objective of the review	Audit approach	Proposed timing	Proposed Audit Committee
<b>Risk Based Assurance</b>			
<b>Potential Audit TBC - Impact of COVID-19 on CPCA delivery of projects</b>	Risk Based	March 2021	April 2021
<b>Proposed Audit Coverage:</b> To provide assurance over the governance arrangements in place to monitor and manage the delivery of projects of the Combined Authority following the disruption of the COVID-19 pandemic. <b>Risk ID 16: Disruption of the delivery of the Combined Authority objectives.</b>			
<b>Potential Audit TBC - Climate Change</b>	Risk Based	January 2021	April 2021
<b>Proposed Audit Coverage:</b> To review the arrangements in place for the Combined Authority's role in approaching climate change. Specific			
<b>Appointments to Boards and Committees sponsored by the Combined Authority</b>	Risk Based	February 2021	April 2021
<b>Proposed Audit Coverage:</b> To provide assurance over the processes in place for the appointment of Members to the Combined Authority's Boards and Committees. The review could consider but not be restricted to the following key areas: <ul style="list-style-type: none"> <li>• Board Appointment Plan and Procedures;</li> <li>• Attendance;</li> <li>• Effectiveness reviews;</li> <li>• Member skills consideration;</li> <li>• Succession Planning;</li> <li>• Code of Conduct; and</li> <li>• Declarations of Interest.</li> </ul>			

Objective of the review	Audit approach	Proposed timing	Proposed Audit Committee
<b>Core Assurance</b>			
<b>Grant Verification</b> <b>Proposed Audit Coverage:</b> The verification of grants receivable from the Department for Transport. This will include a review of the assurance provided by Constituent Councils e.g. Cambridgeshire County Council for monies associated with their expenditure. This could include: <ul style="list-style-type: none"> <li>• Integrated Transport Block</li> <li>• Highways Maintenance</li> <li>• Pothole Action Fund</li> <li>• National Productivity Investment Fund</li> </ul> <i><b>Risk ID 17: Unplanned significant increases in costs lead to requests for additional funding to the Combined Authority to enable schemes to proceed.</b></i>	Compliance	February 2021	April 2021
<b>Risk Management</b> <b>Proposed Audit Coverage:</b> <ul style="list-style-type: none"> <li>• The arrangements in place for the identification of key risks threatening the achievement of the organisation's objectives and the documenting of these on the risk register together with the controls in place to manage these; and</li> <li>• The effectiveness of arrangements in place for monitoring the management of key risks at Board and Committee level, including the use of the Assurance Framework as a tool to deliver this.</li> </ul> We will utilise a risk management culture questionnaire as part of our audit approach to gauge the views of staff throughout the organisation on the effectiveness of risk management arrangements in place.	Systems based	October / November 2020	January 2021
<b>Key Financial Controls</b> <b>Proposed Audit Coverage:</b> This audit will look to provide assurance in relation to the transaction processes managed by the organisation and the management of the payroll function. Testing could cover a number of the following areas, with the specific areas of coverage to be agreed in advance of the audit. <ul style="list-style-type: none"> <li>• General Ledger</li> <li>• Income and Debt Management</li> <li>• Payments and Creditors</li> <li>• Asset Management</li> <li>• Payroll</li> </ul>	Data Analytics and Key Controls Compliance	October / November 2020	January 2021

Objective of the review	Audit approach	Proposed timing	Proposed Audit Committee
<ul style="list-style-type: none"> <li>Cash Management</li> <li>Budgetary Control</li> <li>Medium Term Financial Planning</li> </ul> <p>We will undertake a review of a selection of the areas above to provide assurance over the key risk areas, which will be decided in discussion with management.</p> <p><b>Risk ID 10: Absence of Resource Planning &amp; Financial Management.</b></p>			
<p><b>Potential Audit TBC - Information Technology Audit</b></p> <p><b>Proposed Audit Coverage:</b> To provide assurance over the effectiveness of the organisations IT systems and processes. The specific audit to be undertaken will be determined through discussions with management team and our Technology risk team but could include:</p> <ul style="list-style-type: none"> <li>Remote Working and Operational Resilience;</li> <li>Cyber Security;</li> <li>Network Security;</li> <li>General IT Controls;</li> <li>Data Storage and Management;</li> <li>Information Systems and Data; and</li> <li>GDPR.</li> </ul> <p><b>Risk ID 14: Disruption to the operation of the Combined Authority.</b></p>	Risk based	January 2021	April 2021
<p><b>Other Internal Audit Activity</b></p>			
<p><b>Follow up</b> - To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.</p>	N/A	March 2021	April 2021
<p><b>Advice and Consultancy</b> - To provide advice on an ongoing basis on all aspects of governance, risk management and internal control.</p>	N/A	Ongoing	Ongoing
<p><b>Management</b></p> <p>This will include:</p> <ul style="list-style-type: none"> <li>Annual planning</li> <li>Preparation for, and attendance at, audit committee</li> <li>Regular liaison and progress updates</li> <li>Liaison with external audit and other assurance providers</li> <li>Preparation of the annual opinion</li> </ul>	N/A	Ongoing	Ongoing

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.

## **2.1 Working with other assurance providers**

The Audit & 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.

# APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Dan Harris as your Head of Internal Audit, supported by Jay Desai as your client manager.

## Core team

The delivery of the 2020/21 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required, for example Technology risk specialists for the IT audit.

## 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 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

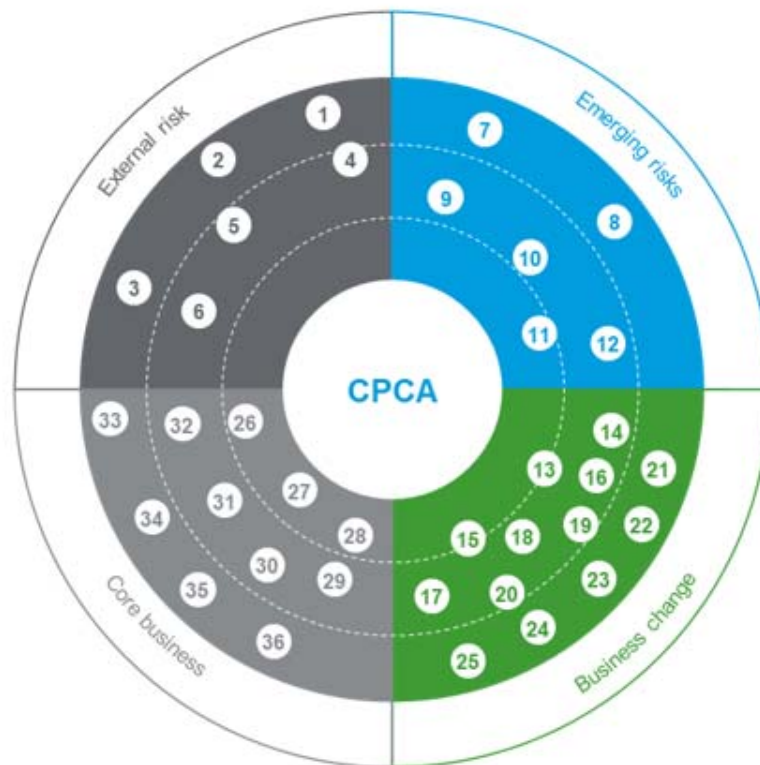
The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

## Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

## APPENDIX B: INTERNAL AUDIT STRATEGY DEVELOPMENT

The diagram below shows an overview of the potential internal audit coverage which was identified as part of our submission during our appointment process. The diagram identifies potential areas of coverage based on analysis of the information publicly available.



1	COVID-19 – External Economy	19	Governance, Transparency and Decision Making
2	COVID-19 – Impact on CPCA	20	Project Planning and Delivery
3	Government Funding	21	Information Governance
4	Public Communication and Perception	22	Business Continuity and Disaster Recovery
5	Cyber Security	23	Culture
6	Political changes and priorities	24	Resource Management
7	Recession	25	Business Transformation
8	Unemployment	26	Risk Management
9	Impact of Brexit	27	Project / Programme Management
10	Climate Change	28	Grants
11	Partnerships and Collaboration	29	Contract Management
12	Strategic Partnerships	30	People Management
13	Remote Working	31	Fraud Risk Assessment
14	Partnership Working	32	Financial Planning and Delivery
15	Strategic Planning	33	Data Quality and Performance Management
16	Digitalisation	34	Financial Controls
17	Big Data / Data Quality	35	Technology Assurance
18	IT Strategy	36	GDPR

Following the completion of our internal audit planning meetings and the meetings with external key stakeholders, we will develop a three-year strategy for inclusion within this section of the internal audit

# APPENDIX C: INTERNAL AUDIT CHARTER

## Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Cambridgeshire and 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 audit committee.

The internal audit service is provided by RSM 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; and
- 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 the Partner, Dan Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Chief Financial Officer.

The head of internal audit has unrestricted access to the chair of audit committee 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 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 audit committee. 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 audit committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

## 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 audit committee 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 audit committee.
- 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 audit committee 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.
- Management team who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Combined Authority 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 audit committee).

## 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 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Sharefile.
- Management responses to the draft report should be submitted to RSM.
- Within three 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 audit committee.
- 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 audit committee. 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 audit committee 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 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 audit committee.

## **Fraud**

The audit committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit committee 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 audit committee is also approving the internal audit charter.

# FOR FURTHER INFORMATION CONTACT

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## **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 and 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 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 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 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 and Peterborough Combined Authority

Provision of internal audit services  
14 August 2020



# Confidence in our Service – RSM Team



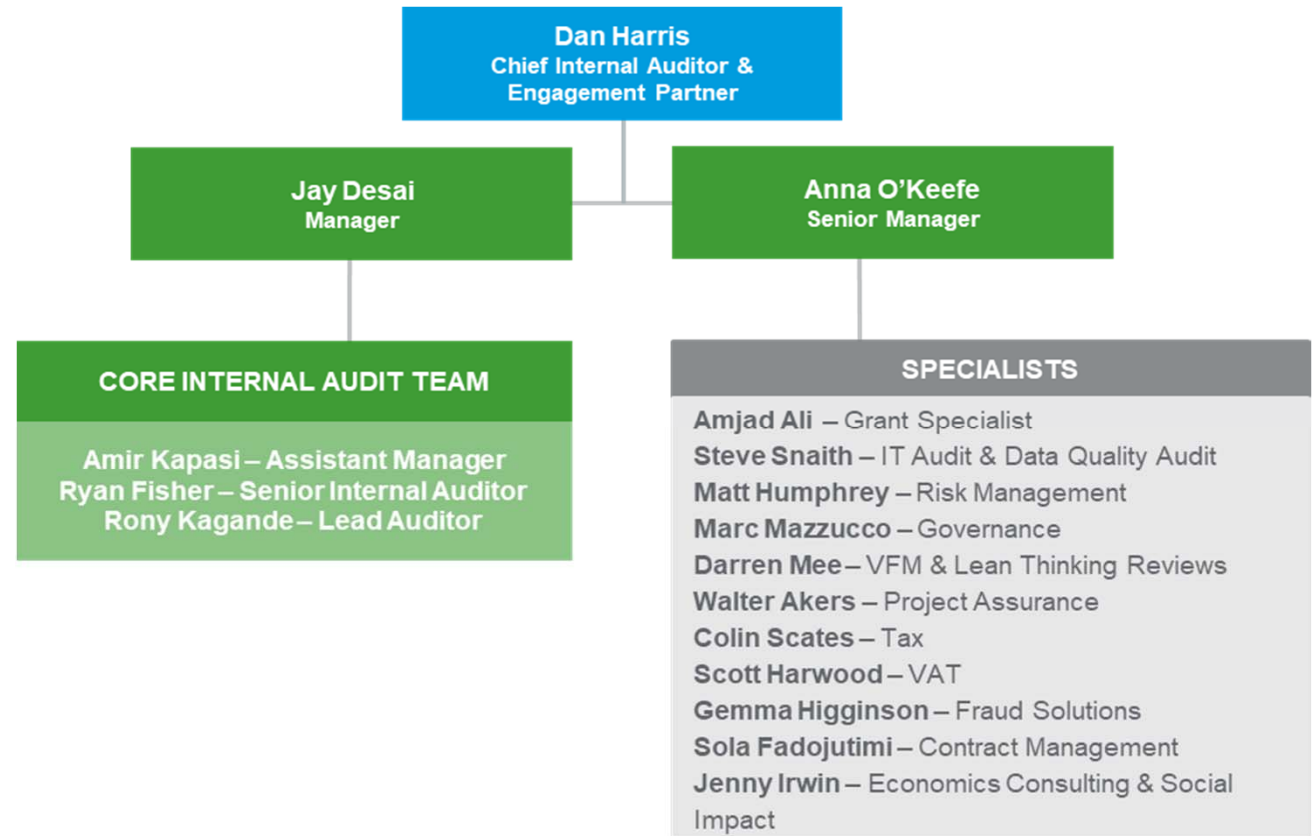
**Daniel Harris**  
Engagement  
Partner and  
CIA



**Anna  
O'Keeffe**  
Senior  
Manager



**Jay Desai**  
Manager



**All RSM staff are security cleared**

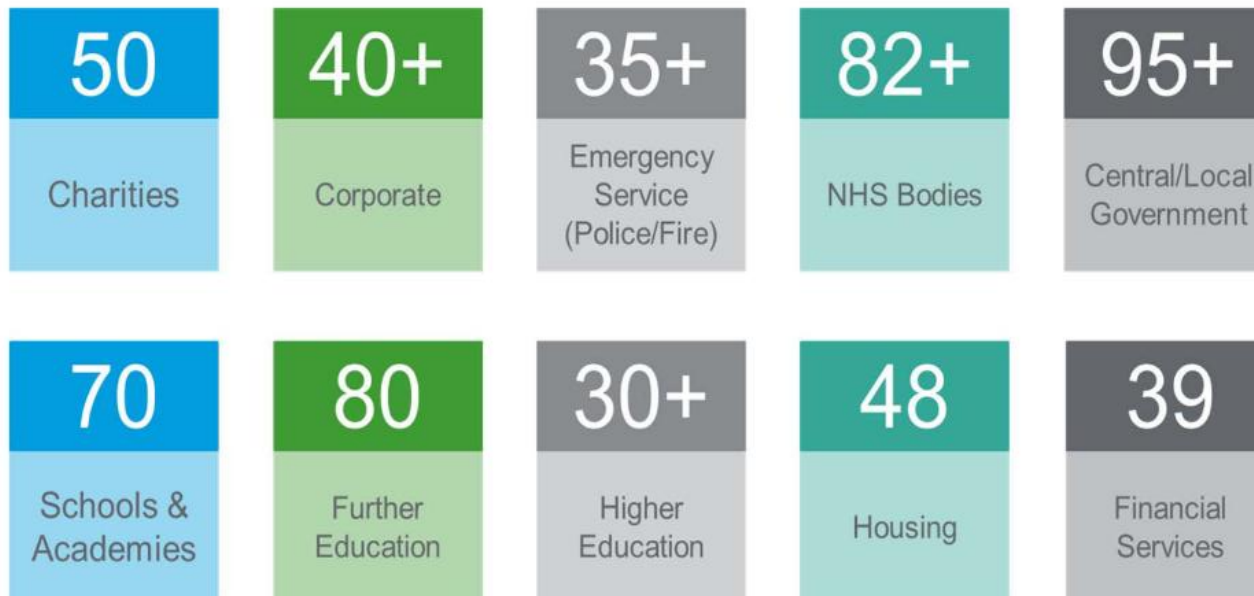


# RSM credentials



The UK's **7<sup>th</sup>**  
**largest**  
full service  
accounting firm

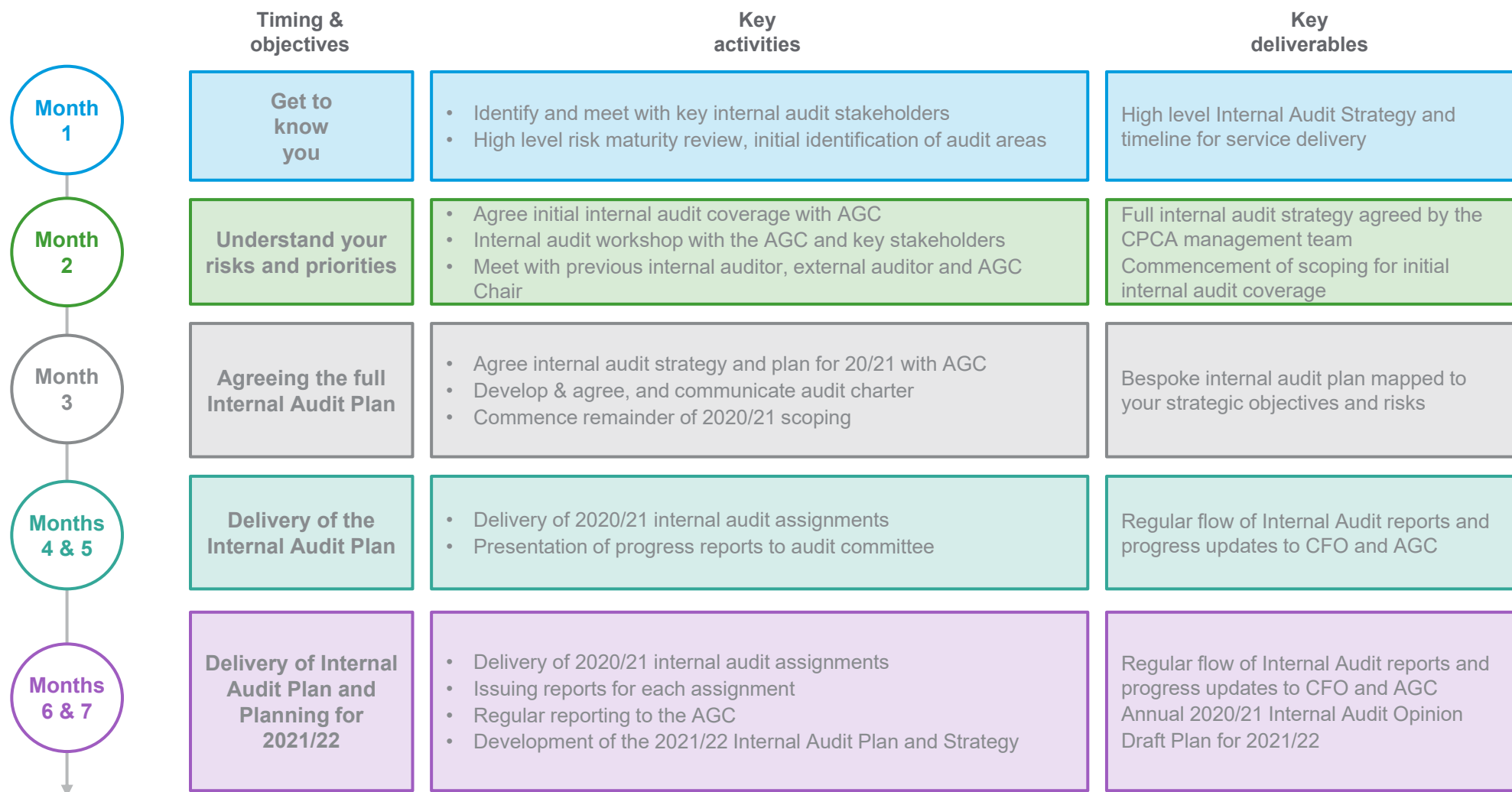
## RSM sector and IA clients:



**35**  
offices with  
nationwide  
coverage

**3,800**  
partners and staff  
in the UK

# Our approach for 2020/21



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RSM Corporate Finance LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP, RSM Employer Services Limited, RSM Northern Ireland (UK) Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317, to undertake reserved and non-reserved legal activities. It is not authorised under the Financial Services and Markets Act 2000 but is able in certain circumstances to offer a limited range of investment services because it is authorised and regulated by the Solicitors Regulation Authority and may provide investment services if they are an incidental part of the professional services that it has been engaged to provide. Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities. RSM & Co (UK) Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Before accepting an engagement, contact with the existing accountant will be made to request information on any matters of which, in the existing accountant's opinion, the firm needs to be aware before deciding whether to accept the engagement.

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**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 7</b>
<b>2 OCTOBER 2020</b>	<b>PUBLIC REPORT</b>

## **ANNUAL TREASURY REPORT**

### **1.0 PURPOSE**

- 1.1. The purpose of the report is for the Audit and Governance Committee to review the actual performance to 31 March 2020 and current position as at 31 August 2020 against the prudential indicators included within the Treasury Management and Capital Strategies.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Jon Alsop – Head of Finance (S73)</b>
<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none"><li>• Review the actual performance for the year to 31 March 2020 and current position as at 31 August 2020, against the adopted prudential and treasury indicators.</li></ul>	

### **2.0 BACKGROUND**

- 2.1. According to its Terms of Reference, the Audit and Governance Committee shall “ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA’s Code of Practice”.

- 2.2. The Treasury Management in the Public Services: Code of Practice 2017 recommends that Members receive regular reports on the authority's treasury management policies, practices and activities, including an Annual Treasury Report, which is a review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Treasury Management Strategy Prudential Indicators**

- 2.3. The Prudential Code underpins the system of capital finance. Prudential indicators are developed to ensure that:
- (a) Capital investment plans are affordable;
  - (b) All external borrowing and other long term liabilities are within prudent and sustainable levels; and
  - (c) Treasury management decisions are taken in accordance with professional good advice.
- 2.4. The Annual performance against the adopted Prudential Indicators is shown at appendix 1.

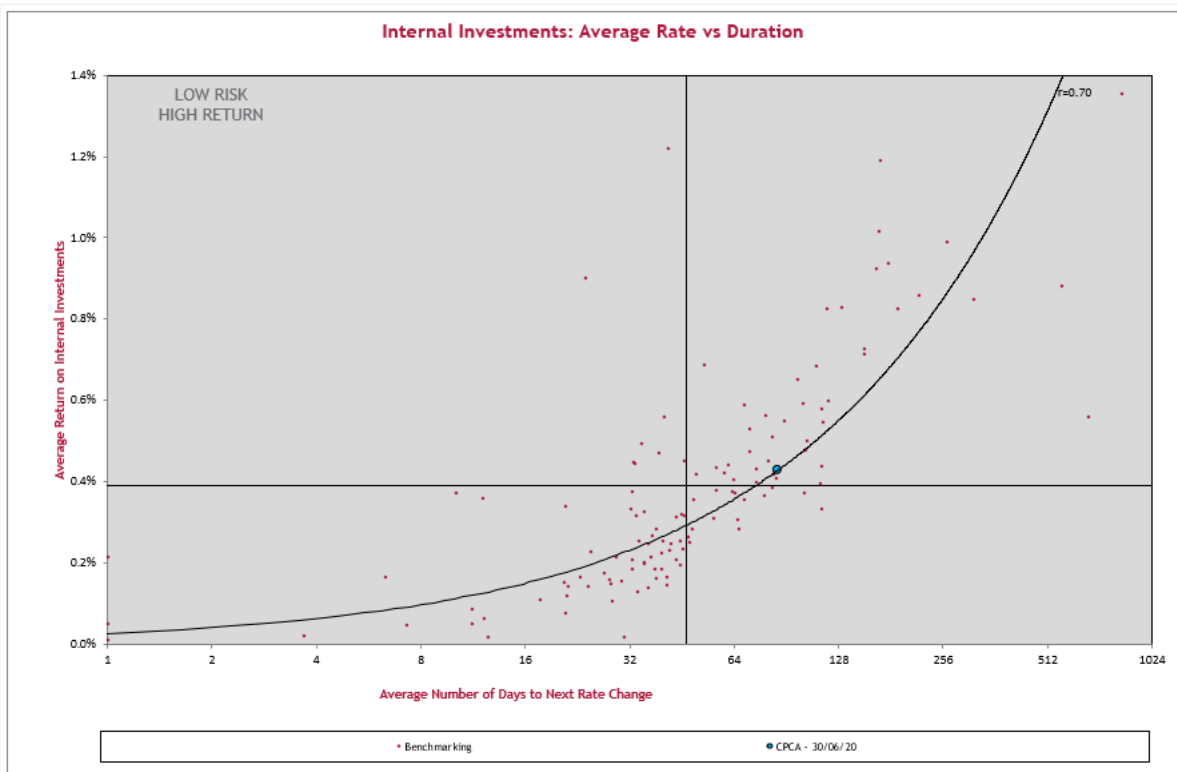
### **Investment Activity**

- 2.5. Surplus cash balances are held in accordance with the principles set out in the Treasury Management Strategy in order to support strategic investment decisions, the Capital Programme, and the Medium Term Financial Plan (MTFP).
- 2.6. The table below shows the investments held with Approved Investments in accordance with the Treasury Management Strategy as at 31 March 2020 and 31 August 2020.

Principal outstanding	As at 31.03.2020		As at 31.08.2020	
	£k	Av. Rate	£k	Av. Rate
<b>Fixed Term Deposits:</b>				
<b>Local Authority:</b>				
less than 3 months	69,000	0.88%	40,000	0.85%
4-6 months	40,000	0.84%	50,000	0.50%
7-9 months	25,000	0.84%	15,000	0.78%
10-12 months	15,000	0.97%	20,000	0.44%
<b>Total Local Authority</b>	<b>149,000</b>	<b>0.87%</b>	<b>125,000</b>	<b>0.64%</b>
DMO less than 3 months	0	-	46,720	0.01%
<b>Access:</b>				
Call Account	921	0.00%	14,888	0.00%
Money Market Funds	10,000	0.47%	30,000	0.13%
<b>Total Investments</b>	<b>159,921</b>	<b>0.84%</b>	<b>216,608</b>	<b>0.39%</b>

DMO (formally the Debt Management Account Deposit Facility) is a government department which offers risk-free deposits for Local Authorities.

- 2.7. In response to the global economic recession due to COVID the Bank of England, in line with many national and international institutions has reduced the cost of borrowing (the base rate) to historically low levels. The cost of debt from the Bank has a knock-on effect on lending rates across the country.
- 2.8. As we predominantly lend to other Local Authorities this reduction in the cost of debt is further exacerbated as Government has made substantial cash injections into the sector and projects have been put on hold, reducing the demand for borrowing and thus the rates achievable.  
As deals mature they are likely to be replaced at lower rates so even if the rates stabilise, the average rate of the portfolio will continue to fall. For example, a 9 month loan with another local authority at 0.9% matured in September 2020 and was replaced with a 12 month loan to the same authority at 0.45%.
- 2.9. The investment portfolio compares favourable against benchmarking data provided by our treasury management advisors, Arlingclose. The first graph shows value weighted average credit risk of the portfolio against the average return. The expectation would be that as credit risk increases, returns increase. The Authority's portfolio has a credit risk close to one standard deviation below the average, whilst enjoying slightly above average returns. The maturity of a portfolio will impact on this metric as more established portfolios with investments taken out longer ago will benefit from the higher rates on offer at the time. The second graph shows average rate against the average remaining duration of investments. The Authority's portfolio is slightly above average rate and duration, sits on the trendline.



2.10. Since the adoption of the new Treasury Management Strategy for 2020-21 there have been four breaches of the £15m maximum limit on unsecured deposits with a single bank. This was due to funding being received after the daily cut off for same-day deposits with the Debt Management Account Deposit Facility and, in each case, was rectified the following working day.



### 3.0 FINANCIAL IMPLICATIONS

3.1. None other than those highlighted in the main body of the report.

### 4.0 LEGAL IMPLICATIONS

4.1. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

### 5.0 SIGNIFICANT IMPLICATIONS

5.1. None.

### 6.0 APPENDICES

- Appendix 1 – Prudential Indicators

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
Cambridgeshire and Peterborough Combined Authority (CPCA) Treasury Management Strategy 2020/21.	<a href="#">25 March 2020 Combined Authority Board Item 2.2 App 2</a>
Cambridgeshire and Peterborough Combined Authority (CPCA) Capital Strategy 2020/21	<a href="#">25 March 2020 Combined Authority Board Item 2.2 App 1</a>

## Appendix 1: Treasury Management Report 2020/21

### Prudential Indicators

1. The Code requires the Combined Authority to set a range of Prudential Indicators. The information provided below sets out the 2019/20 outturn performance and current performance as at 31 August 2020 against the Indicators adopted by the Combined Authority as set out in the Treasury Management Strategy.
2. **Indicator 1 - Capital Expenditure in £ millions.** The table shows the Combined Authority's capital expenditure for 2019/20 and the following two financial years. Estimates for future years are taken from the Medium Term Financial Plan, the 20/21 forecast is taken from the July Budgetary Control Report which includes slippage from 19/20 and reflects the revised budget approved at June Board meeting.

	2019/20 forecast	2019/20 budget as at 31.03.2020	2019/20 outturn	2020/21 budget	2020/21 Forecast	2021/22 budget
Capital investments	92.35	122.11	86.39	173.53	194.56	122.70
<b>TOTAL</b>	<b>92.35</b>	<b>122.11</b>	<b>86.39</b>	<b>173.53</b>	<b>194.56</b>	<b>122.70</b>

3. **Indicator 2 – Capital Financing in £ millions.** All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows

	2019/20 forecast	2019/20 budget as at 31.03.2020	2019/20 outturn	2020/21 budget	2020/21 Forecast	2021/22 budget
Grant Funding	91.17	119.77	86.01	170.34	191.37	110.51
Usable Capital Receipts	1.18	2.34	0.38	3.19	3.19	12.19
Debt	0	0	0	0	0	0
<b>TOTAL</b>	<b>92.35</b>	<b>122.11</b>	<b>86.39</b>	<b>173.53</b>	<b>194.56</b>	<b>122.70</b>

4. **Indicator 3 – Gross Debt and the Capital Financing Requirement in £ millions.** The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new

debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The Authority currently has no debt and therefore no CFR. Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement.

	31.3.2020 forecast	31.3.2020 actual	31.3.2021 budget	31.3.2021 forecast	31.3.2022 budget
Debt (incl. PFI & leases)	0	0	0	0	0
Capital Financing Requirement	0	0	0	0	0

5. **Indicator 4 – Borrowing and the Liability Benchmark in £ millions.** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark is calculated showing the lowest risk level of borrowing. Given that there are no current plans to borrow, this benchmark is currently set at the existing debt cap, but will be kept under review.

	31.3.2020 forecast	31.3.2020 actual	31.3.2021 budget	31.3.2021 forecast	31.3.2022 budget
Outstanding borrowing	0	0	0	0	0
Liability benchmark	0	0	84.81	84.81	84.61

6. **Indicators 5 and 6 - Authorised limit and operational boundary for external debt in £ millions.** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	2019/20 limit	2019/20 actual	2020/21 limit	2020/21 forecast	2021/22 limit
Authorised limit - total external debt	84.61	0	84.61	0	84.61
Operational boundary - total external debt	74.61	0	74.61	0	74.61

7. **Indicator 7 - Proportion of financing costs to net revenue stream** Although capital expenditure is not charged directly to the revenue budget, interest

payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from general government grants.

	2019/20 forecast	2019/20 outturn	2020/21 budget	2020/21 Forecast	2021/22 budget
Financing costs (£m)	0	0	£2.56m	0	£2.56m
Proportion of net revenue stream	0%	0%	15.1%	0%	17.6%

8. **Indicator 8 – Credit Risk Indicator.** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. (low is good)

Credit risk indicator	Target	As at 31.3.2020	As at 30.6.2020
Portfolio average credit rating	6 (A)	3.96 (AA-)	3.77 (AA-)

This indicator is provided as at 30.6.20 as it is calculated by our Treasury Management advisors as part of our quarterly benchmarking. The credit rating of investments as at 31.08.2020 is not materially different from the position as at 30.06.2020.

9. **Indicator 9 – Liquidity Risk Indicator.** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet payments within a rolling three-month period, without additional borrowing. Note the definition of this indicator has been reworded for clarity following discussion with the Authority's treasury advisors, Arlingclose.

Liquidity risk indicator	Target	As at 31.3.2020	As at 31.8.2020
Total cash available within 3 months	£50m	£182.7m	£86.8m

10. **Indicator 10 – Interest Rate Risk Indicator.** This indicator is set to control the Authority's exposure to interest rate risk.

Interest rate risk indicator	Limit	As at 31.3.2020	As at 31.8.2020
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1m	£0.1m	£0.4m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1m	(£0.1m)	(£0.4m)

The figure for 1% fall assumes negative rates on bank and MMF deposits.

11. **Indicator 11 - Principal sums invested for periods longer than a year (excluding loans).** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits set and performance against them are as follows:

Price risk indicator	2020/21 limit	As at 31.3.2020	As at 31.8.2020	2021/22 limit	2022/23 limit
Limit on principal invested beyond year end	£160m	£0m	£40m	£50m	£50m





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 8</b>
<b>2 OCTOBER 2020</b>	<b>PUBLIC REPORT</b>

## REVIEW OF CORPORATE RISK REGISTER

### 1.0 PURPOSE

- 1.1 The Audit and Governance Committee's terms of reference include monitoring the Combined Authority's risk management arrangements including the risk register.
- 1.2 In the interests of good governance, the Committee is requested to review the Combined Authority Corporate Risk Register and approve any changes they would like to put forward as a recommendation to the Combined Authority Board.

<b><u>RECOMMENDATIONS</u></b>
<b>Lead Officer: Robert Parkin, Chief Legal Officer and Monitoring Officer</b>
<p>The Audit and Governance Committee are recommended to:</p> <p>(a) Review the Combined Authority's Corporate Risk register [Appendix 1]; and</p> <p>(b) Recommend any proposed changes to the Corporate Risk Register to be reported to the next Combined Authority Board meeting for approval.</p>

### 2.0 BACKGROUND

- 2.1. The Corporate Risk Register is populated by reference to individual project risk assessments and over-arching corporate risks.
- 2.2. The Corporate Risk Register is reviewed by the Corporate Management Team, any risks which arise, or which become more significant between their meetings are escalated to the next Director's meeting.
- 2.3. The same risk register template and terminology are used by all Project Managers during the reporting process for each project. Any risks that score

over the agreed threshold on an individual project register will then also appear on the main risk register so that it can be monitored accordingly.

- 2.4. A risk has been added to the Register this year to cover the Covid-19 pandemic. This risk has been split into two elements. The first is the risk to the operation of the Combined Authority and the second is the risk arising from the economic impact of the pandemic to the delivery of the Combined Authority's objectives.
- 2.5. A further risk has been added in relation to unplanned increases in budget for highways and transport schemes funded by the Combined Authority and delivered by partner agencies. The unplanned increases in budget prejudice the Combined Authority's ability to manage its finances and could ultimately prejudice delivery of the Combined Authority's Business Plan and a balanced budget.
- 2.6. The Committee's attention is drawn to the following:
- Risk ID 16 – Mitigation plan and actions updated due to additional recent lockdown measures
  - Risk ID 17 – Mitigation action updated due to upcoming report related to upcoming report on Lancaster Way.
  - Risk ID 10 – Residual likelihood decreased. Overall residual score changed from Amber to Green. Due to identifying project and partners at risk and re-evaluated and the spend is therefore recycled.
  - Risk ID 14 – Residual impact increased. Overall residual score has stayed Green. This has increased due to lean staffing at CPCA and the long term covid-19 requirement at working from home.
  - Risk ID 18 – Climate change added as per A&G request.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1. All of the work has been carried out in-house, therefore there are no significant financial implications to this activity.

### **4.0 LEGAL IMPLICATIONS**

- 4.1 The keeping of a corporate risk register is part of the process of appropriately identifying and managing risk within the Combined Authority. The keeping of a Corporate Risk Register is a requirement of the Assurance Framework.

### **5.0 APPENDICES**

- 5.1. Appendix 1 - The Corporate Risk Register (including Scoring Matrix)



<b><u>Background Documents</u></b>	<b><u>Location</u></b>
None	



Corporate Risk Register																					
Risk ID	Date Identified	Cause(s)	Risk Event	Effect(s)	Risk Type	Risk Status	Likelihood (1-5)	Impact (1-5)	Inherent RAG score	Date Last Review	Mitigation Plan	Mitigation Action	Action Owner	Date Action Closed	Likelihood (1-5)	Impact (1-5)	Residual RAG score	Comments/Notes / Assumptions	Risk Owner	Escalation Required?	Date Closed
									Total								Total				
16	01/03/2020	Covid-19 Pandemic (B)	Disruption of the delivery of the Combined Authority objectives	Economic impact of lockdown in response to Covid-19, may have implications for future government funding and for economic activity within the Combined Authority area	Strategic	Open	4	4	16	24/09/2020	Support to local businesses to weather the Covid-19 lockdown - in co-ordination with the constituent councils  Following government guidelines and working with local resilience forum to plan the recovery and restoration of services.  Additional budget announcements from govt.	Business Restoration and Business Recovery Groups Board reports - MTFP re-prioritisation towards economic recovery  Membership of the SCG (Strategic Recovery Group) - weekly transport recovery group.  Mayoral forum Chaired economic recovery group Local economic recovery strategy - will be implemented in October 2020 CSR (3 year) - submitted with Covid-19 mitigating asks. CPCA grants	Chief Executive		3	4	12		Chief Executive	N/A	
8	01/09/2019	Absence of funding of historic ambitious and long stalled Programmes	Ambitious and long stalled programmes can not proceed due to lack of government funding and or private investment	There are major programmes that will require clear and innovative funding strategies if they are to progress. CPCA funding has been used to develop the feasibility and Strategic Outline Business Cases/Outline Business Cases for such schemes. CPCA funding is intended to act as a catalyst and an enabler in bringing these schemes forward.	Financial	Open	4	3	12	24/09/2020	Work is progressing at developing the business cases. Stakeholders across the wider geography are working together to tackle the issues around the growth agenda. Getting Board agreement and matching resources will help get a coordinated approach to priorities and bidding for resources.  Funding sources have been identified for key sources and CPCA resources allocated to move projects to those funding decisions.  The funding for all projects listed in 'leveraged future schemes' appendix to the 20/21 MTFP will be considered within business cases which will be brought to the Board for approval.	Strong budget process and funding allocation within CPCA MTFP and Business Plan  Business Case approval by CPCA Board and Stakeholders  Ongoing discussions with Whitehall departments about access to national funding programmes, such as LLM	Directors		3	3	9		Chief Finance Officer	N/A	
17	15/05/2020	Unbudgeted increases in cost for highways and transport schemes funded by the Combined Authority and delivered by partner agency	Unplanned significant increases in costs lead to requests for additional funding to the Combined Authority to enable schemes to proceed.	The unplanned increases in budget prejudice the Combined Authority's ability to manage its finances and could ultimately prejudice delivery of the Combined Authority's Business Plan and a balanced budget.	Financial	Open	5	3	15	24/09/2020	Close working with delivery partners through best-practice project and programme management. Political and senior leadership engagement with partners to ensure effective communication, early warning, and timely and effective escalation of issues. Particular focus on the relationship between scheme design and cost at an early stage.	(i) Ensuring compliance with CPCA project management guidance (ii) Monthly project highlight reporting (iii) Monthly budget monitoring (iv) creation of a Transport Programme Board (v) stronger discipline around the composition and working of project boards for individual projects (v) regular project reporting to Board and Committees (vi) review of historic overruns to establish cause. (vii) updating project management guidance inline with audit recommendations e.g. Lancaster Way	Director of Delivery & Strategy		3	3	9		Chief Executive and Chief Finance Officer	N/A	
13	01/09/2019	First 5 Year Gateway Review of Gainshare Funding (Mar 2021)	Access to Gainshare funding called into question by the Gateway Review evaluation of Gainshare	The Combined Authority is unable to access Gainshare funding	Strategic	Open	3	5	15	24/09/2020	Provision of persuasive evidence to the Gateway Review demonstrating the good management and value for money delivered through Gainshare funding. Processes are in place to allow a proven delivery record.	(i) Effective working with the evaluation contractors SQW (ii) provision of good evidence to the evaluation (iii) effective briefing of internal and external contributors to the review process (iv) the production of an impactful Complementary Report (v) collective CMT engagement in preparation for the review	CMT Members, Roberta Fulton, Mike Soper		2	4	8		Director of Delivery & Strategy	N/A	
1	01/09/2019	External delivery partners unable to deliver on agreed commitments to CPCA projects	External delivery partners do not meet deadlines, budget or qualitative requirements of their agreements with the Combined Authority.	Projects are not delivered on time, budget, or to the required standard.	Strategic	Open	4	3	12	24/09/2020	Close working with delivery partners through best-practice project and programme management. Political and senior leadership engagement with partners to ensure effective communication, early warning, and timely and effective escalation of issues.	(i) Ensuring compliance with CPCA project management guidance (ii) Monthly project highlight reporting (iii) Monthly budget monitoring (iv) Creation of programme boards to engage partners at senior level in managing larger areas of work (v) regular project reporting to Board and Committees (vi) minimising delivery partner risk on some projects by direct in-house contracting with the supply chain (vii) achieving increased clarity about roles and responsibilities in the partner landscape (viii) targeted Mayor-level political engagement with delivery partners on some projects (viii) housing team to monitor changes to the market and potential impacts following this	CMT Members, PMO, Project Managers		2	3	6		Director of Delivery & Strategy	N/A	
10	01/09/2019	Lack of Resource Planning & Financial Management practices	Absence of Resource Planning & Financial Management	The organisation has no clear budget and capital programme that sets out how resources will be deployed and managed within. This is fundamental to any proper management process and any reporting that will be required by CPCA Board, Stakeholders and Government. Without this, no prioritisation takes place and there is no clear measurement of outcome v ambition. It is the framework for sound decision making.	Financial	Open	2	5	10	24/09/2020	A comprehensive Medium Term Financial Plan was approved at Board in January 2020, and is in the process of being reviewed as part of the COVID-19 response to focus on refreshed priorities to support economic recovery. Regular financial and budget update reports are provided to Committees and to the CPCA Board. Internal Management reporting is being developed alongside the PMO highlight reports.	Monthly Budget monitoring reports  All business cases for capital spend is approved at Board  CFO and Monitoring Officer to sign off all business cases and reports  Corporate approach to Monitoring & Evaluation and Action.	Chief Finance Officer		1	3	3		Chief Finance Officer	N/A	
4	01/09/2019	Forth coming elections	Changes in Political Management which could lead a change of priorities for CPCA	Impact on funding, contractual arrangements and investor confidence in the CPCA	Strategic	Open	4	2	8	24/09/2020	Clarity around existing priorities and contractual obligations.	MTFP, Business Plan, Leaders Strategy meetings in light of the forth coming elections.	Chief Executive		4	1	4	Elections are bound to have an impact on the priorities on the organisation, but there are systems in place that are able to adapt to the change in priority	Chief Executive	N/A	
6	01/09/2019	Change in government policy around devolution	Lack of structural resilience / insufficient internal resources	Failure to maintain BAU due to the devolution white paper and known changes of transferring of the transport teams from PCC and CCC. Including changes in SLA requirements.  Increase in subsidiary companies requiring increased employment to accelerate programmes e.g. CAM	Strategic	Open	4	2	8	24/09/2020	Employed a strategy team to consider and report on the impacts.  HR function to allow recruitment of additional transport function.  Ensuring we have sufficient funding to allow employment.	The Directors meet weekly and are responsible for signing off recruitment to new posts  The HR team has been increased to support the organisational structure and recruitment of candidates of calibre.  There are staff dedicated to programme management with a system of monthly project highlight reporting. This enables Directors to move resources to higher risk projects. We are in the process of standardising documentation to create a single source of information which builds resilience in case of individual staff members incapacity	Chief Executive		4	1	4		Chief Executive	N/A	
7	01/09/2019	Potential impact of Brexit on delivery of the Combined Authority's Growth Ambition Programme	Potential impact of Brexit on delivery of the Combined Authority's Growth Ambition Programme	Potential financial uncertainty and economic instability leading to insufficient investment in priority projects.	Strategic	Open	4	4	16	24/09/2020	Appointment of SRO to advise on BREXIT mitigation strategy and oversee implementation  Appointment of INTERIM assistant to SRO to assist with strategy and implementation  Engagement with Business Advisory Panel & Business Board to balance views of businesses	Monitoring of daily/weekly bulletins from MCHLG, BEIS, HMRC to ensure information is accurate and up to date, recognising funding streams relevant to need Engagement with LEP Network and CLGU on funding for additional resources	Director of Business & Skills [Brexit Lead]		2	2	4	Assumption being that CPCA re-calibrate our objectives to a new GVA figure	Director of Business & Skills [Brexit Lead]	N/A	
14	01/03/2020	Covid-19 Pandemic (A)	Disruption to the operation of the Combined Authority	Potential absence of significant numbers of Combined Authority staff undermining the ability to transact the operational business of the Combined Authority	Operational	Open	4	4	16	24/09/2020	Developed a business continuity plan based on technological advances (digital transformation)	HR support to staff working remotely.  Communication with both suppliers and delivery partners  All Combined Authority staff are now working from home, with support for remote meetings. Developed on digital transformation on virtual exhibitions and online	Chief Executive		1	4	4		Chief Executive	N/A	
18			Climate change risk - details to be added						0								0				
19									0								0				
20									0								0				
21									0								0				
22									0								0				





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 9</b>
<b>2 October 2020</b>	<b>PUBLIC REPORT</b>

## **WORK PROGRAMME**

### **1.0 PURPOSE**

- 1.1 To provide the Committee with the draft work programme for Audit and Governance Committee, looking ahead to the 2020/21 municipal year.

<b><u>DECISION REQUIRED</u></b>
<b>Lead Officer: Robert Parkin – Chief Legal Officer and Monitoring Officer</b>
That the Committee:  a) Notes the work programme for the Audit and Governance Committee for the 2020/21 municipal year attached at Appendix 1 and agree to regularly review the work programme at each meeting.  b) Notes the Audit and Governance Work Programme items for the year.

### **2.0 BACKGROUND**

- 2.1 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.
- 2.2 A draft work programme which outlines when these decisions are taken for the current municipal year is attached at Appendix 1.
- 2.3 The document attached at Appendix 1 provides commentary on items received by the Committee over in the last two municipal years (including the current one) alongside future items to be received throughout the remainder of this municipal year. This includes those items that must be considered annually by the committee.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications

#### **4.0 LEGAL IMPLICATION**

4.1 There are no legal implications

#### **5.0 EQUALITIES IMPLICATION**

5.1 None

#### **6.0 APPENDICES**

6.1 Work Programme with commentary.

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
<b>None</b>	

## AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2019/20 – 2020/21

Meeting Date 2019/20	Item	COMMENTS
19 July 2019 Fenland District Council	Internal Auditors Annual Report	The Committee considered and endorsed the Annual Report and Opinion from Internal Audit for the year ended 31st March 2019
	Statement of Accounts 2018/19 and External Audit Final Results	<p>The Committee resolved that:</p> <p>i) That the Chief Executive circulate the draft statutory notice to the members of the Audit and Governance Committee prior to publication.</p> <p>ii) That the Chief Executive liaise with all affected constituent Councils and send a letter to government expressing their dissatisfaction with the auditors performance and the impacts this has had on each Council.</p> <p>iii) That the Chair of the Audit and Governance Committee</p>

write to the Partner leading the Ernst and Young Government and Public Sector Assurance team expressing the Committee extreme disappointment.

iv) That the Committee receive and approve, in principle, the final Statement of Accounts.

v) That the Committee agree to the additional recommendations below:

a) Note that the Combined Authority's external auditors are not able to guarantee that they will have completed their audit of the accounts for 2018/19 before the statutory deadline of 31 July 2019 for the publication of the statement of accounts together with any certificate or opinion from the external auditors;

b) Note that if it is not possible to publish the statement of accounts on time the law



requires the Combined Authority to publish as soon as reasonably practicable on or after the deadline a notice stating that it has not been able to publish the statement of accounts and its reasons for this;

c) Authorise the Chief Finance Officer in consultation with the Chair of Audit and Governance Committee, as and when the final Audit Opinion is provided by the external auditors, to make any minor amendments to the statement of accounts arising from the final Audit Opinion and to authorise the Chief Finance Officer and Chair of Audit and Governance to then sign and publish the statement of accounts together with any certificate or opinion from the external auditors;

d) In the event that amendments arising from the final Audit Opinion would constitute a “material

	<p>adjustment” to the final accounts as defined in the external auditor’s final audit plan a further report is to be brought to Committee; and</p> <p>e) That the Committee receive and approve the Annual Governance Statement 2018/19 as included within the statement of accounts.</p>
<b>Chairman’s Annual Audit Report</b>	The Annual Report of the Chair of the Committee be submitted to the Combined Authority Board was approved.
<b>Internal Audit Plan</b>	The Committee considered and endorsed the Annual Report and Opinion from Internal Audit for the year ended 31st March 2019.
<b>Value for Money Report</b>	The Committee noted the Combined Authority’s approach to delivering value for money.
<b>Treasury Management Annual Report</b>	The Committee reviewed the actual performance for the year to 31st March 2019, against the adopted prudential and treasury indicators.
<b>Human Resources Risk Reduction Update</b>	The Committee noted the

		update.
	<b>Work Programme</b>	The Committee agreed updates to the work programme and noted the report.
<b>Meeting Date 2019/20</b>	<b>Item</b>	<b>COMMENTS</b>
<b>27 September 2019 Cambridge City Council</b>	<b>Audit Results Reports &amp; Statement of Accounts 2018/19</b>	The Committee received the audit results report for the year ended 31st March 2019.
	<b>Transport Acceleration and Risk Report</b>	The Committee noted the officers' assessment of the impact of the accelerated delivery strategy on project risk and the wider measures put in place by the Authority to manage project risk.
	<b>Medium-Term Financial Plan and Business Plan</b>	The report was noted.
	<b>Combined Authority Board Update</b>	The Committee noted the update.
	<b>Business Board Update</b>	The Committee noted the priorities and objectives of the Business Board.
	<b>Internal Audit Update</b>	The progress report from Internal Audit was considered. Internal Audit would provide timelines and progress indicators in future reports and seek The Committee's approval to any programme changes.

	<b>Governance Review Report</b>	The proposed new governance arrangements for the Combined Authority had been considered and the Committee's Work Programme be amended to include a future report to the Committee reviewing the effectiveness of the proposed new governance arrangements.
	<b>Risk Register and Performance Update</b>	The Committee noted the Performance Reporting processes that are in place for the Combined Authority. The Committee requested that the Performance Reporting Dashboard is presented to the Board on a quarterly basis and recommend any proposed changes be noted. The Committee requested that the proposed changes to the Corporate Risk Register be reported to the next Board meeting for approval.
	<b>Report on Freedom of Information, Whistleblowing and Fraud</b>	The Committee would advise how the Combined Authority communicated the Whistleblowing Policy and

		encouraged its use.
	<b>Response to National Audit Office Consultation</b>	The proposed changes to the Code of Audit practice and the potential impact on reporting to the Committee for local audit work was noted.
	<b>Work Programme</b>	The update was noted.
<b>Meeting Date 2019/20</b>	<b>Item</b>	<b>COMMENTS</b>
<b>16 December 2019 South Cambridgeshire District Council</b>	<b>Assurance Framework</b>	A paper will be produced for Audit & Governance Committee meeting in March 2020. The Committee noted the revised Assurance Framework
	<b>Corporate Risk Register</b>	The proposed revised Strategy and changes to the Corporate Risk Register were recommended.
	<b>Data Protection Policy</b>	An update from the Data Protection Officer be put on Audit & Governance Committee Work Programme for December 2020. That the Combined Authority would keep an eye on implications on data protection after Brexit. The Data Protection Policy report was recommended

	<b>Internal Audit Progress Report</b>	<p>That an update report be brought back to Audit &amp; Governance Committee in March 2020, including a procedure for urgent items.</p> <p>That a reminder email be sent to Members regarding themes for internal auditors for the following year.</p> <p>The Committee noted the report.</p>
	<b>Adult Education Budget and Assurance Programme</b>	<p>An annual insight to be received by the Committee every year.</p> <p>A briefing session to be organised for the Committee in summer/autumn 2020.</p> <p>The Adult Education Budget Audit and Assurance Programme, along with the arrangements, was noted.</p>
	<b>Treasury Management Strategy Update</b>	The update was reviewed by the Committee.
	<b>Combined Authority Board Update</b>	The Committee noted the update.
	<b>Work Programme</b>	The Committee agreed updates to the work programme and noted the report.
<b>Meeting Date</b>	<b>Item</b>	<b>COMMENTS</b>

2020/21		
<b>26 May 2020 Remote Meeting</b>	<b>Confirmation of Membership of the Audit &amp; Governance Committee</b>	Membership was the same as in the last municipal year and there had been no changes amongst substitute members. The Committee noted Fenland DC Annual General Meeting was to be held on 17 June, which could signal change in Fenland DC membership of the Committee.
	<b>Combined Authority Board Update</b>	The Committee noted the update.
	<b>Statement of Accounts 2019/20</b>	The statement of accounts to be presented at the 31 July 2020 meeting of the Committee will be circulated to members two-weeks in advance of the meeting.
	<b>External Audit Update</b>	A further report will be received at the 31 July 2020 meeting of the Committee.
	<b>Internal Audit Update</b>	The Internal Audit with opinion be received at the 31 July 2020 meeting of the Committee.
	<b>Draft Annual Report of the Chair of the Audit &amp; Governance Committee</b>	The report was approved by the Committee for submission to the CA Board meeting on 5 August 2020, subject to the correction of a typographical

		error.
	<b>Corporate Risk Register</b>	The Committee recommended climate change is included on the on the Risk Register in future.
	<b>Complaints Procedures</b>	The Committee noted the revised procedures and, with the addition of the contact details of 'street scene' issues for the borough, city and district councils, approve them to the CA Board.
	<b>Treasury Management Strategy</b>	The Committee noted the strategies.
	<b>Trading Companies</b>	A development session on the trading companies be held, possibly in autumn 2020.
	<b>Revised Guide for Project Management</b>	The Committee received and noted the revised guide.
	<b>Work Programme</b>	The Committee requested greater clarity on the work programme for future meetings.
	<b>Urgent Item: Lancaster Way</b>	The Committee responded positively to the request for an independent review. and that this has no impact on the delivery of the project. The Committee is open to an Extraordinary meeting, if necessary, with the proviso that sufficient time is afforded



		to enable the Committee to have all the background information it requires.
<b>Meeting Date 2020/21</b>	<b>Item</b>	<b>COMMENTS</b>
<b>31 July 2020 Remote Meeting</b>	<b>Appointment of a Vice-Chairman of the Audit &amp; Governance Committee</b>	A Vice-Chairman of the Committee would be appointed at the meeting on 31 July as the Combined Authority Board Annual Meeting was not until 3 June and a decision on a Vice-Chairman appointment would be ratified at that meeting.
	<b>Combined Authority Board Update</b>	Standing item on the agenda when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the authority.
	<b>Minutes of the previous meeting</b>	Standing item on the agenda for the committee to agree the

		minutes from the last meeting.
	<b>Corporate Risk Register</b>	Standing item by request of the committee to be considered at each meeting. The report to be presented to the 31 July 2020 meeting of the Committee to include the top three to four risks that are improving/getting worse.
	<b>Work Programme</b>	Standing item for the committee to consider their upcoming work programme.
	<b>Internal Audit 2020/21</b>	A separate paper on how the Combined Authority is to take Internal Audit forward after the Service Level Agreement with Peterborough City Council concludes was requested for this 20 meeting.
	<b>Internal Audit – Annual Report</b>	A report provided by the Internal Auditors on the effectiveness of the Authority's systems of governance; risk management and internal control.
	<b>External Audit Final Results</b>	The Committee receive the audit results report from the external auditors.

	<b>Annual Governance Statement</b>	Explains how the Combined Authority has complied with the Local Code of Governance and meets the requirements of the Accounts and Audit (England) Regulations 2015 Regulation 6.1(b) – usually received along with the Annual Financial Report.
	<b>Draft Financial Statements 2019/20</b>	The Committee receives the report which asks them to: a) approve the audited Statement of Accounts 2017/18 b) Receive and approve the Annual Governance Statement 2017/18
	<b>Independent Commission on Climate Change</b>	Committee to receive a report on the procedures undertaken in the appointment of the Independent Chair of the Commission
<b>Meeting Date 2020/21</b>	<b>Item</b>	<b>COMMENTS</b>
<b>2 October 2020 Venue: TBA</b>	<b>Combined Authority Board Update</b>	Standing item on the agenda when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the

		authority.
	<b>Minutes of the previous meeting</b>	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	<b>Corporate Risk Register</b>	Standing item by request of the committee to be considered at each meeting.
	<b>Work Programme</b>	Standing item for the committee to consider their upcoming work programme.
	<b>Internal Audit Plan 2020/21</b>	Report from the Internal Auditors on the Internal Audit Plan for the municipal year.
	<b>Financial Statement 2019/20 and External Audit Update</b>	
	<b>Treasury Management Strategy Review</b>	The Committee receive the report which review the current performance against the prudential indicators included within the Treasury Management Strategy.
<b>Meeting Date 2020/21</b>	<b>Item</b>	<b>COMMENTS</b>
<b>27 November 2021 Venue: TBA</b>	<b>The Mayor of the Combined Authority</b>	Mayor James Palmer will be in attendance
	<b>Combined Authority Board Update</b>	Standing item on the agenda

		when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the authority.
	<b>Minutes of the previous meeting</b>	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	<b>Corporate Risk Register</b>	Standing item by request of the committee to be considered at each meeting.
	<b>Work Programme</b>	Standing item for the committee to consider their upcoming work programme.
	<b>Internal Audit: Progress Report</b>	Report from the Internal Auditors to provide an update on the progress of the current internal audits.
	<b>External Audit and Opinion 2019/20</b>	To receive the External Audit and Opinion from Ernst & young for the previous financial year.
	<b>End of Year Financial Statements 2019/20</b>	
	<b>Assurance Framework</b>	Agreed at the meeting of the Committee related to the Constitution that the Assurance Framework is

		presented to this meeting prior to the Business Board and then the CA Board.
	<b>Adult Education Budget</b>	
<b>Meeting Date 2020/21</b>	<b>Item</b>	<b>COMMENTS</b>
<b>29 January 2021 Venue: TBA</b>	<b>Combined Authority Board Update</b>	Standing item on the agenda when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the authority.
	<b>Minutes of the previous meeting</b>	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	<b>Corporate Risk Register</b>	Standing item by request of the committee to be considered at each meeting.
	<b>Work Programme</b>	Standing item for the committee to consider their upcoming work programme.
	<b>Internal Audit – Progress Report</b>	Report from the Internal Auditors to provide an update on the progress of the current internal audits.
	<b>External Audit – Draft Audit Plan</b>	The Committee receive the

		draft Audit Plan and comment whether the planned audit is aligned with the Committee's expectations.
	<b>Treasury Management Strategy Update</b>	The Committee receive the report which provides the Audit and Governance Committee with an update on the Combined Authority (CPCA)'s Treasury Management Strategy.
	<b>Assurance Framework</b>	Committee agreed in May 2019 that the A/Framework be presented to Committee on 6-month basis.
	<b>Risk Strategy</b>	
	<b>Data Protection</b>	
	<b>Mayor of the Combined Authority</b>	Mayor James Palmer will be in attendance
	<b>Independent Commission on Climate Change</b>	Update requested at 31 July 2020 meeting
<b>Meeting Date</b>	<b>Item</b>	<b>COMMENTS</b>
<b>6 April 2021 Venue: TBA</b>	<b>Combined Authority Board Update</b>	Standing item on the agenda when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the

		authority.
	<b>Minutes of the previous meeting</b>	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	<b>Corporate Risk Register</b>	Standing item by request of the committee to be considered at each meeting.
	<b>Work Programme</b>	Standing item for the committee to consider their upcoming work programme.
	<b>Internal Audit – Progress Report</b>	Report from the Internal Auditors to provide an update on the progress of the current internal audits.
	<b>External Audit – Audit Plan</b>	The Committee receive and approve the final audit plan prepared by the external auditors
	<b>Internal Audit Plan: Progress Report</b>	Details of audit activity for the following year.
	<b>Treasury Management Strategy Summary</b>	The Committee receive the report asks for comments comment on the draft Treasury Management Strategy.



	<b>Code of Corporate Governance</b>	Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled “Delivering Good Governance in Local Government: Framework 2016 Edition.” An annual review is undertaken each year.
	<b>Assurance Framework</b>	The Assurance Framework is a set of systems, processes and protocols, which along with standing orders, financial regulations, departmental procedures, and codes of practice is linked in a hierarchy of management and financial control procedures, which clearly define the responsibilities of members and the duties of the CPCA’s officers, consultants and partners. – Approved annually.
	<b>Governance (decision-making) Review</b>	Committee to receive an update to review any issues/concerns raised (Executive Committees) etc
<b>Meeting Date 2020/21</b>	<b>Item</b>	<b>COMMENTS</b>

<b>25 May 2021</b> <b>Venue: TBA</b>	<b>Combined Authority Board Update</b>	Standing item on the agenda when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the authority.
	<b>Minutes of the previous meeting</b>	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	<b>Corporate Risk Register</b>	Standing item by request of the committee to be considered at each meeting.
	<b>Work Programme</b>	Standing item for the committee to consider their upcoming work programme.
	<b>Internal Audit – Progress Report</b>	Report from the Internal Auditors to provide an update on the progress of the current internal audits.
	<b>Draft Annual Report of the Chair of the Audit &amp; Governance Committee</b>	
<b>ITEMS TO BE SCHEDULED</b>		
	<b>Governance Review of the Business Board</b>	
	<b>Information Security and Governance</b>	
	<b>Trading Companies (Development Session)</b>	AUTUMN/WINTER 2020/21
	<b>Member Skills Training (joint session with the O&amp;S Committee)</b>	WINTER 2021



