



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

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AUDIT & GOVERNANCE COMMITTEE DRAFT MINUTES

Date: Friday, 9th June 2023

Time: 10.00

Location: Civic Suite, Pathfinder House, Huntingdon District Council

Members Present:

Mr John Pye	Independent Chair
Cllr Graham Wilson	Cambridgeshire County Council
Cllr Gary Christy	Fenland District Council
Cllr Mark Inskip	East Cambs District Council
Cllr Andy Coles	Peterborough City Council
Cllr Tim Griffin	Cambridge City Council
Cllr Geoff Harvey	South Cambs District Council
Cllr Steve Corney	Huntingdonshire District Council

Officers:

Nick Bell	Executive Director for Resources and Performance
Angela Probert	Interim Programme Director - Transformation
Edwina Adefehinti	Chief Officer – Legal & Governance, and Monitoring Officer
Rob Emery	Business Board S151 & Dept.S73 Combined Authority
Anne Gardiner	Governance Manager
Dan Harris	RSM (Internal Auditor) Partner
Jules Ient	Senior Policy Advisor

Also in attendance – Mayor Nik Johnson

1. Apologies for Absence and Declarations of Interest

- 1.1 Apologies were received from Cllr Smith and his substitute Cllr Pounds. Cambridge City appointed Cllr Tim Griffin as the temporary substitute and was in attendance.
- 1.2 No disclosable interests were declared.

2. Election of Vice Chair

- 2.1 Nominated by Cllr Harvey and seconded by Cllr Inskip - Cllr Graham Wilson was elected as Vice Chair for the ensuing year.

3. Co-Option of Independent Member

- 3.1 The Committee received the report which asked the Committee to consider the co-option of an independent member from a constituent council.
- 3.2 The Committee discussed whether an Independent Member would be as beneficial as having an Independent Person as a co-opted member of the Committee.
- 3.3 The Mayor advised the Committee that the request from the CA Board was a result of the acknowledgement of how the Combined Authority area was changing in regards to the political make up with larger numbers of Independents being elected as representatives for their areas – the request to include these members was to provide a sense of inclusivity for all political groups.
- 3.4 The Interim Monitoring Officer advised that an elected Independent Member from one of the constituent councils appointed to sit as an Independent Person on the Committee would not be able to represent their constituent council but would rather be there to offer an independent view on matters brought to the Committee.
- 3.5 The Committee discussed that having an Independent Member from one of the constituent councils would not prevent them from also co-opting an Independent Person with specific expertise to support the committee.
- 3.6 RESOLVED

The Committee advise the CA Board that the Committee has requested that officers look into creating a process for selecting a co-opted independent member from one of the constituent councils.

An amendment to the Constitution be brought back to the Committee which would formally allow for co-opted members on the Audit and Governance Committee.

The Committee requested that officers look into co-opting an Independent Member as a trial.

3.7 ACTIONS

Officers to bring a report back to the July meeting with the Constitution amendments required for co-opting an Independent Member.

4. Chair's Announcements

- 4.1 Draft Accounts – moved to July meeting: Due to a combination of delays in several key reports required for inclusion in the draft accounts, including the pension fund position and asset valuations, and the additional pressure of providing audit evidence for the 21-22 audit while also preparing the 22-23 accounts, the publication of the CPCA's draft accounts has been delayed. The pensions valuation, and the delay to audits are national issues, as can be seen by the majority of the other Mayoral Combined Authorities missing the deadline this year, and that the overall fraction of Local Authorities missing the deadline is widely expected to have increased this year from 23% of upper tier and 37% of lower tier authorities for 21-22 accounts. Subject to the relevant reports being completed the Combined

Authority is aiming to deliver draft accounts in time for the Committee's July meeting.

- 4.2 Member Induction Day – 22nd June 9am at Anglia Ruskin University - Peterborough, University House

5. Minutes

- 5.1 The minutes of the meetings held on 24th March 2023 were approved as a correct record.

- 5.2 Under consideration of the Action Log the Interim Monitoring Officer advised that all recommendations from the A&G Committee regarding the Constitution were accepted by the Board and all comments would be taken into the refreshed constitution.

5.3 ACTION

The governance team would create a means to track recommendations and record where they go to be reported back to the Committee.

6. Single Assurance Framework

- 6.1 The Committee received the report which provided an update on the development of a Single Assurance Framework.

- 6.2 The following points were raised during the discussion:-

- The diagram within the report sets out the development phase for the content required by DLUH; the new Single Assurance Framework (SAF) would be brought back to this Committee in September and would include an implementation plan.
- Risk was embedded in all areas, but officers needed to ensure this would be strategic. Data and learning would be picked up on all Combined Authority activity not only to use it but also to report it to members over the course of the year.
- The new performance report would link the SAF and the Improvement programme as well as delivery and delegations. The SAF was not being done in isolation but as part of all the areas of development at the CA.
- From reviewing the existing assurance framework officers had identified areas for significant improvements; these areas had been commented on by the Audit and Governance Committee as part of the governance review.
- SAF's had been referenced in the new English Devolution Accountability Framework and could potentially play an important role in devolution discussions.
- There was a role for this committee to have an annual review of SAF and how usable it is.
- While SAF was not currently present in the internal audit plan – there was an audit on the budget setting process that would pick up whether appropriate steps had been followed.

- 6.3 The Mayor thanked and acknowledged the work of officers and stated he was delighted that the SAF would provide an insight into what the Combined Authority does and would help to emphasise what it could become including presenting an annual state of the region which would be a huge opportunity especially in regards to further devolution deals.

6.4 RESOLVED

The Committee noted the report.

6.5 ACTION

SAF to be brought back to the September meeting including best practice examples from other CA's on how they report back on the operation of their SAF

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The Committee agreed to consider item 11 to accommodate the officers from PWC attending remotely.

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11. Outcome & Recommendations from Procurement Review and High-Level Action Plan

11.1 The Committee received the report which requested the committee consider the report from PWC and recommend to the CA Board the implementation of the high-level action plan as set out in Appendix 2 and recommend that the CA Board approve the recruitment of the additional posts noted in the high-level action plan.

11.2 The following points were raised during the discussion:

- While some projects were delivered by the constituent councils many areas were delivered directly by the CA, especially within the skills directorate.
- Where the CA relies on support from constituent councils there was a need to ensure the right processes for grants were in place and ensure there were close links to procurement areas to avoid duplication.
- Implementing contract procurement training would not negate the need for the recruitment of staff in the procurement team.
- The contract register would be the main source of data for the Committee to use to scrutinise the procurement system; there would also be the key performance indicators which would be reported as part of the new performance management framework.
- Members felt that there would be benefit from having the rationale detailed in the report to enable members to be sure that the implementation process of the recommendations from PWC was being done appropriately.
- The new performance management framework would be ready in September and the team should be able to bring some indications through to the Committee on the procurement process in December. The final results of the audit would be reported back to the Committee in March 2024.

11.3 The Mayor stated his thanks for the external review done by PWC as it highlighted concerns he had raised back in 2021. In particular the Mayor wanted to highlight the work of one officer who had kept the procurement process going. The fact that the procurement process was a key part of the improvement process was reassuring and a high-level action plan was needed including the recruitment of officers.

11.4 RESOLVED

- a) Recommend to the CA Board the Implementation of the high-level action plan as set out in Appendix 2 - Action Plan
- b) Recommend that the CA Board approve additional resources (posts and budget) for the management of the procurement process, along the lines proposed by PWC.

11.5 ACTION

- 1) Update on the implementation of the recommendations from the procurement review to be brought to the September meeting.
- 2) Officers to provide the rationale for the model chosen to enable members to be sure that the implementation process of the recommendations from PWC was being done appropriately in the report being brought to Committee.

7. Shareholder Board Update

7.1 The Committee received the report which provided an update on the progress of the Shareholder Board.

7.2 The Chair provided some background about the Committee's involvement with the CA's Trading Companies. The Committee first received a report in May 2020 and then had received a development session on the trading companies. The topic had been brought to the Committee seven times over the past 3 years and had been identified in the Committee's last three annual Report's as an area to focus on. The governance of trading companies was an area of high risk, and it was welcome that the Combined Authority was finally addressing the issue.

7.3 The following points were raised during the discussion:-

The Interim Monitoring Officer advised the Committee of the membership of the newly formed Shareholder Board and advised they had met for the first time on Wednesday 7th June. The membership was as follows:

Cllr Lynne Ayres Peterborough City Council
Cllr Mike Davey – Cambridge City Council
Cllr Lucy Nethsingha – Cambridgeshire County Council
Chief Executive Officer for CA.

In response to a question, officers advised that the Committee's role in relation to the Shareholder Board was to assure itself the trading companies of the Combined Authority were governed appropriately. The Shareholder Board should provide that assurance.

Members of the Committee would receive invites to all the Shareholder Board meetings and could attend as observers and report back any concerns to the Committee.

7.4 RESOLVED:

- a) To note the update and asked for an annual report every March be included in its work programme. The report should describe the Combined Authority's companies and the work the Shareholder Board.

- b) Requested that the Company Secretary notify all members of A&G when the Shareholder Board meeting takes place.
- c) Cllr Coles would attend the first meeting and report back to the Committee.

7.4 ACTION:

- 1) Annual report in March from the Shareholder Board be added to the work programme.

8. Improvement Framework

8.1 The Committee received the report which provided an opportunity to review the progress against the key areas of concern identified by the External Auditors in his letters dated June 2022 and February 2023, and the Department for Levelling Up and Housing and Communities (DLUHC) in its letter dated January 2023.

8.2 The following points were raised during the discussion:-

- Members queried whether purposes should be changed from 'will' to 'should' in the report.
- The new name of the Chair for the Independent Improvement Board to be circulated to A&G members on Monday.
- Members raised some concerns over the rag ratings as they felt they lacked some clarity; there needed to be consistency across the ratings as definitions were currently quite subjective. Officers agreed to review this.
- Officers agreed to bring back the results from the staff survey and an update following the staff conference due to take place next week; the senior management team recognised there was still work to be done to ensure staff's happiness, but that staff were starting to see green shoots.
- Stability of the membership of the two statutory committees at the CA had been recognised as a challenge by the Improvement Board; the A&G Chair referred to the CIPFA guidance which held the view that there should be two independent members on an Audit Committee. The Chair had requested that officers carry out an audit of other CA's to see how membership and stability was dealt with.
- The Chair explained that the Committee sat outside the business of the CA and advised that consideration needed to be given on how to address this as part of the improvement work.

8.3 RESOLVED:

- a) Considered progress against the stated areas of improvement identified by the External Auditor in June 2022 and Best Value Notice received in January 2023.
- b) to note the reframed improvement plan as agreed by the CA Board at its meeting on 31 May 2023
- c) to note the observations of the Independent Improvement Board held on 22 May 2023.

- d) to note the observations from the recent meetings between the Combined Authority corporate management team and constituent councils management teams.
- e) to note the proposed RAG rating methodology to measure progress of improvement activity against the agreed reframed Improvement Plan.
- f) to note the progress made on the appointment of Chair, Independent Improvement Board.

8.4 ACTIONS

- 1) An audit of the A&G Committees across the CA's to see ways in which other CA's deal with the issue of membership and stability – with a view to either a workshop or a paper for the Committee.
- 2) Request that External Auditor be invited to the July meeting for the Improvement Item.
- 3) Results from staff survey be provided at the next meeting.

9. Corporate Performance Report

9.1 The Committee received the report which provided an update on the work that had been done to develop an interim Performance Management Framework, which would give increased assurance until September when the full Performance Management Framework will be recommended to the CA Board.

9.2 The Committee welcomed the report and requested that any training on key performance indicators be extended to the A&G Committee.

9.3 The Committee was advised that the presentation of information would be evolved in the light of member feedback.

9.4 RESOLVED:

- a) review and assess plans to develop and implement an interim performance management framework.
- b) support the plans as set out in this report.

9.5 ACTION:

- 1) A&G Committee to be invited to a KPI development & training session in July.
- 2) Report to come to November to review progress with the new Performance Framework.

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The Committee agreed to defer item 10 – Corporate Risk Register to the next meeting due to time constraints.

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12. Establishment of a sub-committee

12.1 The Committee received the report which requested that a sub-committee and hearings panel be formed, and the membership agreed.

12.2 RESOLVED:

- a) That an Audit & Governance Sub-committee be established to discharge any of the functions of the parent Audit & Governance committee including forming a hearings panel.
- b) That an Audit & Governance Sub-committee hearing panel be established consisting of at least four members of the Audit and Governance committee. The Panel would have representation from each political party and an independent person to act as chair.
- c) The Monitoring Officer be authorised as proper officer to accept changes to membership of the sub-committees, such change to be notified before the start of a meeting. Those Members will be appointed with effect from the date on which the Monitoring officer is advised of the names of such Members.
- d) the following members be appointed to the subcommittee:
 - Mr John Pye (Chair)
 - Cllr Andy Coles
 - Cllr Simon Smith
 - Cllr Graham Wilson

13. Internal Audit – Draft Annual Report

- 13.1 The Committee received the report from the Internal Auditors (RSM). The Committee were advised that this was a qualified opinion on the risk management, governance and internal control arrangements for 22/23.
- 13.2 The Internal Auditor advised that he recognised the work being done on the improvement items and this had been reflected in the work plan for 23/24.
- 13.3 In response to a query about whether cyber security being included within the plan; the Committee were advised that the CA had been given a £75k award from government to improve cyber security, and IT audit coverage was included in the 23/24 internal audit plan.
- 13.4 RESOLVED:

Note the draft annual report from the Internal Auditors.

14. Internal Audit – Progress Report

- 14.1 The Committee received the report from the Internal Auditors (RSM)
 - 14.2 In response to a query, the Internal Auditor advised that they do random checks on actions that have been completed to ensure compliance. Management also keeps a recommendation tracker detailing progress against agreed recommendations
 - 14.3 RESOLVED:
- Note the progress report from the Internal Auditors.
- 14.4 ACTION

- 1) Management to provide the recommendation tracker to the July meeting.

15. Internal Audit – Plan 23/24

15.1 The Committee received the report from the Internal Auditors (RSM)

15.2 The following points were raised during the discussion:-

- The Auditor advised that a decent audit plan was a risk driven plan. Once in place, the Single Assurance Framework (SAF) be coordinated with the risk register to inform the plan in future.
- Legislation stated that the A&G Committee had to be consulted regarding the internal auditor's plan. However, to align with good practice in future the Mayor and the CA Board should also be consulted.
- In response to a question about timings and potential slippage, the auditor advised that this would be a challenge. The Chair recommended that a review on progress of the plan should be brought to the Committee in September

15.3 **RESOLVED**

- a) to note the Internal Audit Plan 23/24

15.4 **ACTION**

- 1) Committee to review the Internal Audit Plan in September to check progress (this progress will be included within the internal audit progress report at each meeting).
- 2) The Mayor and CA Board would be consulted on Internal Audit plans.

16. Revisions to Scheme of Delegation

16.1 The Committee received the report which provided an update to the scheme of delegation of the Combined Authority and requested that the Committee recommend it to CA Board for approval.

16.2 Members queried what the reference to 'in consultation with' meant and whether this was an auditable process. Officers agreed to tighten the language around this to make it clear what 'in consultation with' meant.

16.3 **RESOLVED:**

- a) Committee reviewed the suggested update to the Scheme of Delegation of the Combined Authority recommended that the CA Board adopt changes as revisions to the Constitution.

17. Work Programme

17.1 The Committee received the report which provide the Committee with the draft work programme for Audit and Governance Committee, for the 23/24 municipal year.

17.2 **RESOLVED:**

To note the work programme.

17.3 **ACTION:**

- 1) Private session on Cyber Security to be added to the development programme.
- 2) Risk Appetite Training provided to members in March to be circulated to new members.
- 3) Record to be kept of how many members attend the development sessions for inclusion with the annual report.
- 4) The deferred Corporate Risk Register item be added to the July meeting agenda.

18. Date of next meeting

18.1 7th July 2023 10am at Pathfinder House, Huntingdonshire DC

Meeting Closed: 12:53pm