



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

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 27 November 2020

Time: 9:30am

Location: Virtual Zoom Meeting

Present:

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

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

Officers:

Dermot Pearson
Anne Gardiner
Kim Sawyer
Jon Alsop
Robert Emery

Solicitor
Scrutiny Officer
Interim Chief Executive
Chief Finance Officer (S73 Officer)
Deputy (S73 Officer)

Paul Raynes
Graeme Hughes
Joe Manning
Holly Davis
Francesca Houston
Daniel Harris
Jai Desai
Janet Warren

Director of Delivery and Strategy
Cambridgeshire County Council
KPMG
KPMG
Transport Programme Coordinator
RSM
RSM
Interim SRO Adult Education
Budget/Commissioner AEB

Suresh Patel
Dan Cooke

Ernst & Young
Ernst & Young

Also in attendance – Mayor James Palmer – Cambridgeshire and Peterborough Combined Authority

1. Apologies for Absence and Declarations of Interest

1.1 No apologies received and no declarations of interest.

2. Mayor for the Combined Authority in attendance

2.1 Mayor James Palmer attended to answer questions from the Committee, and provided an update on the MCHLG and the Combined Authority activity.

The Mayor outlined the below points:-

It had been a difficult time for country and for Cambridgeshire; the Mayor felt that the county had borne the brunt of lockdown despite not necessarily needing to be in lockdown which has had a significant impact on the economy and on individuals; the Combined Authority had worked hard to mitigate the effect and impact this had had.

The Combined Authority had provided capital grants to over 100 businesses in the county to help manage the impact from the Covid pandemic. There had been an investment of £51m into the Cambridgeshire economy via the Business Board. In particular, the successful delivery of Peterborough University and the backing for phase two from government which provides a further £60m. This would be transformational for the city and had already had a positive effect with other investments rolling in for regeneration of the city.

The Combined Authority had continued to deliver on projects across the county during lockdown, which was a tribute to staff and had shown that the organisation did not require a physical building to successfully continue delivering. The savings from ending the lease on the building at Alconbury had been recycled back into funding to invest into the local economy.

The Combined Authority had recently set up the Special Purpose Vehicle for the CAM and this was to ensure that this project would go from strength to strength. The CAM was not just a public transport system but also a growth platform; it would lead to better planning policy, better housing development and business growth; with the aim being to eventually reach into the Fens and Wisbech as well. The quality of people we had taken on for the CAM SPV shows how seriously people are taking the project.

Important for politicians to step out of the politics bubble and remember that they serve the people - the Combined Authority does that; it was a system that government set up to do things differently. Cambridgeshire had missed out over the years so it was important to push the system.

The Mayor was confident that Combined Authority was transparent; it had been set up transparently. The CPCA started with only 4 members of staff but had grown in four years and had taken on the Local Enterprise Partnership and Adult Education Budget.

To have started from a standing start to now being in a position where work had started on 72% of projects mentioned in the devolution deal was something staff should be extraordinarily proud of.

In regard to the letter received from MHCLG; we have worked through those allegations and most do not have backing. Work was being done appropriately and the Combined Authority was subject to extreme scrutiny.

The Mayor had had discussions with government and was very hopeful that there would be sign off on the housing fund shortly. We had signed up to deliver 1900 homes, with a deadline for 2000 being completed by 2022.

The Mayor was extraordinarily proud of the £40m rolling fund; set up as extra funding from government could not be guaranteed and the fund had enabled the CPCA to invest in projects such as the RAF site in Ely, Community Land Trusts and loan finance companies that deliver 100k homes. The fund ensured money would be there in perpetuity.

2.2 Members had submitted questions ahead of the meeting and responses were provided (Appendix A); the members asked supplementary questions and the following points were raised and discussed:-

- In response to a question regarding the Business Board holding meetings in private the Mayor responded that the decision to meet in public/private would be for the Chair of the Business Board to decide. Many issues discussed by the Business Board would need to be discussed in private and the Combined Authority was not unique in this fact; many Local Enterprise Partnerships meet in private.
- In response to a question about the CAM, the Mayor advised that CAM was not just an underground system for Cambridge, it was a method for connecting our county; a growth platform for Cambridgeshire. The CAM enables growth to be focused into new towns, which allows people to protect the existing small towns from urban sprawl. CAM would only work if there was connectivity into the rural areas and it was imperative that people could access the business park around Cambridge and in the future access Peterborough.
- In response to a question on the Climate Change Commission and the inclusion of the Commission in the decision making process, the Mayor advised that he saw the Climate Change Commission as the golden thread through the decision making process; it should enable development in the area to be more responsive to the environment and ensure that there were opportunities for nature to be included.
- In response to a question about accommodation for the University of Peterborough, the Mayor clarified that in the early phases of the university project there would be no student accommodation; this was due to the recommendation from the SPIER report which advised that the need for the university would be mainly from people living in north Cambridgeshire and these people would most likely continue to live at home while attending university.
- In response to a question about the Covid 19 support fund, the Mayor advised that the £5.9m had been fully invested into local businesses. The effect of that investment had been extraordinary and had made a big difference to local businesses. The Combined Authority would continue to support businesses and would invest in other ways.
- In response to a question about the Audit and Governance Committee putting standing enquiries in place to ensure any future allegations of breaches of good governance are considered by the Committee, the Mayor advised that would be a decision for the Committee and the Chair.

- 2.3 The Committee thanked the Mayor for attending the meeting and answering the member questions.

3. Chair's Announcements

- 3.1 The Chair advised there would be a Value for Money workshop run by the National Audit Office at the conclusion of the meeting.
- 3.2 The Chair advised Committee members that he had been informed by the Chief Finance Officer of two fraud attempts on the Combined Authority.

Both attempts were made by fraudsters intercepting e-mails and changing bank details in an attempt for payments to be made to an incorrect bank account.

The internal auditors, RSM were made aware of both attempts. In accordance with the Combined Authority's anti-fraud policy, RSM were working with 3C, the IT providers to establish the course of events and whether any Combined Authority e-mail account had been compromised.

The Chair advised that the Combined Authority had not lost any funds as a result of these fraud attempts.

RSM were requested to bring forward their proposed audit on IT systems, which was planned to include a review of network and Cyber security and would report to the Audit and Governance Committee in January.

4. Minutes of the last Meeting

- 4.1 The minutes from the meeting held on the 2nd October were agreed as a correct record subject to the correction of a misspelling at paragraph 4.4.

The actions from the previous meeting were noted.

5. Lancaster Way

- 5.1 The Committee received the report which provided the Committee with an update on the independent value for money review of the Lancaster Way project, as jointly commissioned by the Combined Authority (CPCA) and Cambridgeshire County Council (CCC).
- 5.2 The Committee were informed that the Combined Authority and Cambridgeshire County Council had accepted all the recommendations of the report from KPMG and many of the recommendations had already been implemented. The report set out action plan for future arrangements.

Members commented that the main stakeholders were the residents of Witchford and that projects such as this must be done better in the future.

In response to a question on assurances going forward, the committee were informed that the report was something to work on and a much better system was in place now. Continuous improvement was the important factor here; identifying upcoming risks and having a change control strategy that was not in place three years ago.

- 5.3 The Committee agreed to note the report and recommend it to the Transport and Infrastructure Committee to note.
- 5.4 The Committee requested that an update on the progress of the actions against the recommendations in report be brought to the next meeting

6. Relationship between Risk and Change Control

- 6.1 The Committee received the report which provided the Committee with a proposed Relationship between Risk and Change Control document, which was designed to enhance the current Risk Management Strategy and establish an early warning notification and change control process.

The Committee was requested to review the Relationship between Risk and Change Control document and suggest any changes they would like to put forward as a recommendation to the Combined Authority Board.

- 6.2 In response to a question around enforcing the system and disciplinary action against staff, the Committee were advised that the system was in place so officers had guidance to do their job; it provided a network around them to help deliver projects in a proper way.

In response to a question about whether staff had an understanding around risk management arrangements, the committee were advised that training had been delivered to an all team meeting on Risk Strategy. Risk had been discussed at CPCA team meeting, with key issues highlighted. There had also been 'Lunch and learn' sessions to discuss key issues.

There was a healthy training budget as it was vitally important to enable officers the skills to do the job well. Some training had been delayed due to the Covid Pandemic.

- 6.3 The Committee thanked the officer for an excellent report which provided a lot of information and AGREED to recommend its adoption to the Combined Authority Board.

7. Corporate Risk Register

- 7.1 The Committee reviewed the Combined Authority Corporate Risk Register.
- 7.2 Members were advised that the internal auditors were doing an audit of Risk Management so some changes in how risk was reported or managed may be coming forth.
- 7.3 In response to a question on items that had been moved from the Corporate Risk Register to the Corporate Services Risk register, the members were advised that this was due to a hierarchy of risks; risks would be escalated from the directorate risk register to the Corporate Risk register if a high level of scrutiny by members was required. It was a system intended to provide members with useful information rather than too much information, with only important high-level risks being reported to the Committee.
- 7.4 The Committee were advised that there was a Cyber security risk that was on the Corporate Services Risk register; in light of the recent fraud attempts this risk would be reviewed at the next Corporate Management Team meeting to consider whether it should be escalated to the Corporate Risk Register.
- 7.5 In response to a question around the risk detail for the Brexit risk the Committee were advised it was currently difficult to quantify what the exact risks arising from Brexit could be but officers were primed to consider this risk and the organisation had done as much mitigation as was possible. This was a live risk and once more detail about the risk was available it would be reviewed.
- 7.6 The Committee NOTED the report.

8. End of Year Financial Statements 2019/20 and External Audit and Opinion

- 8.1 The Committee received the report which asked them to approve:-

- a) the final Statement of Accounts 2019/20
- b) the Annual Governance Statement 2019/20
- c) the Management Representation Letter 2019/20
- d) the External Auditors report 2019/20

8.2 The Committee were advised that the final opinion from the External Auditors was not complete and requested that the committee approve the statement of accounts as set out in the report and delegate authority to the Chair to approve any minor changes.

8.3 The Committee were advised that the draft accounts had been brought to the committee on 31st July and had been on website since then until October. No queries or comments had been received from the public and, once approved by the Committee today, the accounts would be published on Monday 30th November.

8.4 Members requested some clarity around the wording for members' allowances as it appeared that only the Mayor received an allowance but then the report also stated that the Chair of the Business Board received an allowance. Officers agreed it should be clearer that the Mayor was the only member of the Combined Authority Board to receive an allowance, and that the Chair of the Business Board received an allowance in that capacity and not as a member of the Combined Authority Board and this would be rectified.

8.5 Members requested that it be made clear within the report that Charles Roberts had resigned from his position as a Director of East Cambs Trading Company Limited.

8.6 Members queried the information contained within note 6 of the accounts, as there was no detail around the expenditure and it was only by referring to the letter from Ernst and Young regarding the MCHLG that the members were made aware that the figures in note 6 referred to an exit payment for a former senior officer.

The Chair requested that information regarding the exit payment for the former senior officer be circulated to members of the Committee.

8.7 The External Auditors advised that the work had been very challenging to undertake during the Covid Pandemic, but that information from the Combined Authority officers had been of good quality and that officers had worked positively and cooperatively during this difficult time.

8.8 The Committee RESOLVED:

a) The Committee agreed to approve the final Statement of Accounts 2019/20 received and to delegate to the Chairman authority to approve further minor changes to the Statement of Accounts if needed before the deadline of 30 November 2020.

b) The Committee agreed to approve the Annual Governance Statement 2019/20

c) The Committee agreed to approve the Management Representation Letter 2019/20

d) The Committee agreed to approve the External Auditors Report 2019/20

9. Internal Audit Plan 2020/21

9.1 The Committee received the proposed 2020/21 internal audit plan and three-year internal audit strategy.

9.2 In response to a question about whether the Business Board and the CAM Special Purpose Vehicle would be included in the review of the processes in place for the

appointments to Boards and Committees, the internal auditors advised that the scope of the review had not yet been finalised but they could be included.

- 9.3 The Committee approved the proposed Internal Audit Strategy 2020/21 to 2024/25 and the 2020/21 internal audit plan. and requested that the Business Board and the CAM Special Purpose Vehicle be included within the review of the processes in place for the appointments to Boards and Committees.

10. Adult Education Budget

10. The Committee received the report which provided an update for the Committee on the Adult Education Budget arrangements for Audit and Assurance.
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10. The Committee noted the report and requested that a further update be brought to the March 2021 meeting of the Committee.
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11. Work Programme for the Audit & Governance Committee

11. The Committee received the Work Programme report.
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11. The Committee noted the report and **RESOLVED:**
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1. A report with an update on the progress of the actions against the recommendations on Lancaster Way be brought to the next meeting
2. A report on the audit on Cyber Security and IT systems and the attempted fraud to come to the January 2021 Committee meeting.
3. A further update on the Adult Education Budget to come to the March 2021 Committee meeting.

12. Date of next meeting

12. Friday, 29 January 2021 from 10.00 a.m. via the Zoom platform.
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Meeting Closed: 11:50am.