

Appendix 1

Previous Reviews of the Combined Authority's Governance

Since March 2018 there have been four reviews of the Combined Authority's governance. The reviews were:

- Review of Governance / Independent Budget Review [Internal Audit] [March 2018]
- Independent Budget Review by CIPFA C Co [March 2019]
- Governance Review [Internal Audit] [May 2019]
- LEP Governance Review [Internal Audit] [May 2019]

When completed these reviews were presented to the Audit & Governance Committee on the dates given.

Review of Governance / Independent Budget Review [Internal Audit] [March 2018]

The purpose of this review was to provide an overview to the Combined Authority on the assurance framework; policies and processes introduced; and governance arrangements adopted to ensure delivery of its key activities and mitigate its key risks. The review looked at the following themes:

- Financial Governance.
- Organisational Structure / Roles and Responsibilities.
- Decision Making
- Strategy and Planning
- Risk Management and Project Management

The outcome was a Reasonable Assurance opinion across the themes. On the whole, assurance arrangements were working effectively, management are aware of their streams of assurance and this was supported by corporate and third party evidence. A number of areas were identified for improvement, primarily due to the organisation being in its infancy and developing all the time.

Independent Budget Review by CIPFA C Co [March 2019]

CIPFA C.Co Ltd were commissioned by the Combined Authority to undertake an independent assurance review related to the production of the Authority's 2019/20 budget. The Combined Authority was specifically seeking to ensure that:

- The process for completing the budget met all statutory and, internal, constitutional requirements
- The assumptions made within it were suitable and robust
- Appropriate control and governance were in place to support its delivery

CIPFA C.Co Ltd, having reviewed the relevant documents and discussions with key officers, were satisfied that:

- The Combined Authority had prepared and was in the process of signing off its 2019/20 Budget and Medium Term Financial Plan in accordance with its own policies and procedures as outlined in its Constitution.
- That the 2019/20 Budget's content, including assumptions and revenue/capital split, was clear and appropriate.
- The Authority had in place robust and comprehensive budget monitoring and reporting processes and procedures that will now include regular reporting to the Combined Authority Board including regular monthly reports and a detailed mid-year review.

No material findings and/or failings were identified as part of this review. Six non-material recommendations were made to support the enhancement of processes already in place.

Governance Review [Internal Audit] [May 2019]

The overall objective of the review was to provide assurance that the systems of control in respect of Corporate Governance were adequate and being consistently applied. The areas of focus were:

- Organisational Structure / Roles and Responsibilities: To confirm that the Authority has an open and transparent organisational structure and that roles and responsibilities are clearly defined and communicated across the organisation
- Decision Making: To confirm that there is a clear and transparent decision making process within the Authority and decisions taken adhere to these processes as set out in the assurance framework
- Strategy and Planning: To confirm that the Authority's strategies are up to date and communicated across the organisation. To confirm that strategies complement and support each other and are linked to key aims and priorities.

Together with verification that Human Resources processes were robust and followed best practice.

The main findings of the review were that improvements had been made to the governance arrangements as the Combined Authority had evolved and previous actions had been progressed. Following extending the review to other areas of governance the part of the business requiring most attention was that of Human Resources. While the audit focus was primarily to look at the recruitment process – which the auditors were unable to place any reliance on – the audit also touched upon the performance management framework and similarly there was nothing in

place in relation to employees. A detailed action plan was required to take this key business activity forward.

Of the fifteen activity areas reviewed two received substantial assurance ratings, twelve received reasonable assurance ratings and one [HR] received no assurance rating.

A report on progress with the Human Resources recommendations was taken to the meeting of the Audit & Governance Committee on 19 July 2019 and progress continues to be monitored.

LEP Governance [Internal Audit] [May 2019]

This was a review of the LEP / Business Board's compliance, or otherwise, with the requirements set out in the National Assurance Framework following the amalgamation of the LEP / Business Board into the Combined Authority.

The matters under review included that:

- The LEP has a local assurance framework in place, as required by the Government's National Assurance Framework
- The LEP is operating under a clear governance framework.

The main findings of the review were that there has been good progress in establishing a clear framework which brought together the previous arrangements. A number of areas were identified which need to be addressed to ensure governance was effective. Those identified as requiring attention included:

- Increased transparency in relation to data available and how value for money is achieved;
- Development of a consistent brand identity; and
- Processes in place for the recovery of funds should any project be deemed to have misused public monies etc.

The findings of the audit give Reasonable Assurance on the effectiveness of the governance arrangements that has been established within the Assurance Framework.

Eight recommendations were made to tighten up the assurance framework and the implementation of these recommendations continues.