



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

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AUDIT & GOVERNANCE COMMITTEE DRAFT MINUTES

Date: Friday, 24 March 2023

Time: 10.00

Location: Civic Suite, Pathfinder House, Huntingdon District Council

Members Present:

Mr John Pye	Independent Chair
Cllr Ian Benney	Fenland District Council
Cllr Geoff Harvey	South Cambs District Council
Cllr Simon Smith	Cambridge City Council
Cllr David Brown	East Cambridgeshire District Council
Cllr Graham Wilson	Cambridgeshire County 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
Jon Alsop	Chief Finance Officer
Rob Emery	Business Board S151 & Dept.S73 Combined Authority
Chris Bolton	Head of Programme Management Office
Anne Gardiner	Governance Manager
Susan Hall	Data Protection Officer
Nick Fanning	RSM (Internal Auditor) Manager
Dan Harris*	RSM (Internal Auditor) Partner

Also in attendance Mark Hodgeson – Ernst & Young (External Auditor)

*denotes attendance via Zoom

1. Apologies for Absence and Declarations of Interest

- 1.1 Apologies were received from Cllr Corney and his substitute Cllr Beutell.
- 1.2 No disclosable interests were declared.

2. Chair's Announcements

- 2.1 Introduction and welcome to Nick Bell, new Executive Director for Resources and Performance who was taking on the S73 responsibilities.

Thanks were given to Jon Alsop for his hard work and support to the Committee.

Rob Emery had been promoted to Assistant Director of Finance and would deputise for Nick as appropriate.

- 2.2 Risk Management Training Session would be held after the meeting.

3. Minutes

- 3.1 The minutes of the meetings held on 27 January 2023 were approved as a correct record.
- 3.2 The Action Log was noted.
- 3.3 The Committee received an update on the progress on the formation of the Shareholder Board, from the Interim Monitoring Officer, and requested that the Chair of the Board be invited to attend the next Committee meeting to provide a further update.
- 3.4 The Committee received a briefing on the resilience of the Finance team at the CPCA following concerns raised around delayed reports and were advised that the finance team structure was being looked out and that going forward the team would be aligned with the new directorate structure and would have a more permanent recruitment. The new Executive Director for Performance and Resources was aware of the issues, would be taking steps to address these and would provide an update to the July meeting.

4. Improvement Framework

- 4.1 The Committee received the report which provided an opportunity to review progress against the key areas of concern identified by the External Auditor in his letters dated 2 June 2022 and February 2023, and by the Department for Levelling up, Housing and Communities (DLUHC) 's letter dated January 2023. It was emphasised that the Committee's role was to scrutinise progress and receive assurances, not to provide them.
- 4.2 During the discussion the following points were noted:
- a. It was reassuring that the external auditor had acknowledged the pace of work that had been achieved by the Combined Authority and that a number of key building blocks were firmly in place to help the Improvement Plan proceed.
 - b. PWC were going to review the current procurement processes; this would commence next week and should be completed by May. Recommendations and an action plan would be brought back to the Committee.
 - c. The Committee asked the External Auditor for his feedback on the new report format and progress being made. He advised that the new layout did provide a much clearer trail to monitor the progress. The breadth and depth of the actions that the Authority needed to take were significant. He particularly noted three areas:

- 1) Changing the culture and monitoring staff feedback would take time and needed to be sustained.
 - 2) While the Independent Improvement Board (IIB) had been set up it had yet to meet, so it was not yet known how well it would operate.
 - 3) The ongoing whistleblowing and conduct cases need to be concluded.
- d. The Chair advised that he had met with Cllr Elise Wilson, a member of the IIB. The conversation had been useful and generally positive. Her view was that integrity, competence and effective leadership were crucial to the performance of the Combined Authority.
 - e. In relation to a question about staff and what actions were being implemented to tackle ongoing areas of concern; officers advised that staff surveys had been carried out in September and again in January and another would be done in April. Some teams across the CA felt very positive about changes while others did not and this was being mapped by the executive team. There had been a staff conference to provide feedback and work was being done to involve staff in any changes, including a weekly update on areas of concern. The proactive approach to engagement was more embedded but it was acknowledged there was still work to do.
 - f. The CPCA would hold quarterly meetings with DLUHC, which draw on the IIB work.
 - g. The specific issues set out in the Best Value letter from DLUHC were being considered alongside the concerns raised by the External Auditor. These would be progressed in an integrated manner to demonstrate improvement to the Committee, the external auditors and DLUHC.
 - h. Culture and the behavior of members would be a key area of focus for the IIB. The Local Government Association had been clear that support and resources would be provided, including training around relationship building.
 - i. Officers would try to align the sequence of the DLUHC, IIB and A&G meetings. to ensure sequencing worked.
 - j. In response to a question about how the values of the authority linked with the Mayor's three Cs; the officers advised they were working to ensure that they knitted together, CIVIL (Collaboration, Integrity, Vision, Innovation and Leadership) values were internally focused and should be reflected in all conversations that the CA was having. Officers recognized that there may need to be more work done to show how they connected.

4.3 RESOLVED:

The Committee agreed to:

1. Note the observations of the External Auditor in his letter to the Chief Executive in February 2023 and the resignation of the IIB Chair with immediate effect and the arrangements underway to find a replacement.
2. The Committee welcomed the report; it had provided assurance that the Improvements were going in the right direction; it provided clarity and focus on the purpose of the improvement activity.

4.4 ACTIONS

1. Recommendations and the action plan from the procurement review would be brought back to the committee.

5. Internal Audit Action Tracker and Information reported to PARC

5.1 The Committee received the report which updated the Committee on the progress of the Internal Audit Action Tracker and information reported to the Performance & Risk Committee (PARC).

5.2 The following points were raised in discussion:

- a. The Chair and Vice Chair advised they had attended the East of England Audit Chair's Forum where the importance of an organisation responding to its audit committee recommendations had been emphasized.
- b. This was the first report that the Committee had received from PARC, which was an action from the f the governance review – the Committee welcomed the report and would look forward to seeing it as a regular item.
- c. While there wasn't a legal requirement to report on performance management the CA had committed to provide this regularly as part of the improvement plan.
- d. The performance reports were taken to the CA Board quarterly.
- e. In response to a question about delayed items, the officers advised that while every effort to keep to the deadlines was taken there were other factors which would sometime come into play, such as the improvement work, and this would mean the date would have to be pushed back. The team worked within the context of what was happening within the organisation.
- f. The Committee requested that if there were systemic failures which were leading to delays then these should be included in future reports.
- g. The Committee requested that the report be brought back quarterly.

5.3 RESOLVED:

The Committee:

1. Noted the progress on the Internal Audit Action Tracker and information reported to the Performance & Risk Committee
2. Requested the report be added to the A&G work programme quarterly.

5.4 ACTION:

1. Internal Audit Action Tracker and Information reported to PARC be added to the work programme on a quarterly basis.

6. Information Governance Report

6.1 The Committee received the report which updated the Audit and Governance Committee on the current position with regards to Information Governance and outlined the key Information Governance activities undertaken by the CA during this period.

6.2 RESOLVED:

1. The Committee welcomed the report as it provided texture on the work of the Combined Authority and assurance that the Combined Authority was providing a good service.

6.3 **ACTION:**

1. The Information Governance Update be added to the work programme annually.

7. **Revisions to the CPCA Constitution – Financial Regulations**

7.1 The Committee received the report which provided the Committee with commentary on proposed revisions to the Financial Regulations section of the Constitution with a view that these be approved and recommended for adoption by the Combined Authority Board.

7.2 The following points on the revisions were raised in discussion:

Para 8.7.2

There needed to be consistency in the use of the word 'Board' and 'Authority' as it currently stated 'approvals must be sought from the Board or the Authority' some clarity was needed on the differences.

Para 8.21.1

States that purchasing cards should only be used for official Combined Authority business and *In an emergency* - clarity need to be provided on what constituted an emergency.

Para 8.2.1(e)

Suggest that the word guidelines be removed so that statement read *that the Mayor and the Combined Authority follow the relevant manuals, instructions, and policies.*

Para 8.2.2 (c)

The line should be clear that the Board ensures and approves a balanced budget, while the responsibility of the Chief Finance Officer is to prepare the draft balanced budget.

Para 8.3.8 & Para 8.7.1

Committee requested that a line be added to indicate that the Chief Finance Officer would consult appropriately with elected members.

Para 8.18.5

Committee suggested that rather than 'before the start of the financial year' that a specific meeting of the Audit and Governance Committee be identified.

7.3 **RESOLVED:**

1. That the Chief Finance Officer be invited to redraft the sections, as outlined above, to improve clarity and avoid ambiguity.
2. That the draft be reviewed for grammatical and spelling errors, and for consistency of language eg. the use of Board or Authority
3. That the Committee's comments on the revisions to the Financial Regulations be fed back to the CA Board ahead of their meeting on 31st May 2023.
4. Recommend to the CA Board that subject to the revisions detailed above that the Financial Regulations be adopted into the Constitution.

7.4 **ACTION:**

1. The Committee requested that an update on whether the Audit and Governance Committee's recommendations in relation to the Constitution had been accepted by the CA Board and adopted into the constitution.

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The Committee agreed to switch items 8 and 9 to enable the Committee to discuss the progress report before the annual plan.

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8. Internal Audit Progress Report

- 8.1 The Committee received the report which was for the Committee to note progress against the internal audit plans for 2021/22 and 2022/23.

- 8.2 The Committee were advised that all final reports would be brought to the June meeting including the Internal Audit Opinion.

8.3 RESOLVED:

1. The Committee noted the report.

8.4 ACTION:

1. The Committee requested that an introductory narrative on how the audits relate to the improvement plan be included in future reports to provide further context.

9. Internal Audit Plan 2023/23

- 9.1 The Committee received the report which requested that the Committee consider and approve the proposed 2023/24 Internal Audit Plan.

- 9.2 The Committee queried what they were being asked to do within this report and were advised that the Committee's view on which audits should be carried out would be shared with the Executive Team before a final decision was taken.

- 9.3 The Committee felt it was not normally appropriate for them to direct which audits should be carried out but agreed that audits that were manageable and necessary for the Improvement process should take priority.

9.4 RESOLVED:

The Committee recommended to the Executive Team that items that would contribute most to the Improvement Plan, and any areas of weaknesses that may lead to an unqualified opinion, should be the focus for the next year.

10. Annual Report of the Audit and Governance Committee

- 10.1 The Committee received the Draft Annual Report of the Chair of Audit and Governance Committee and were asked to approve it before it was submitted to the CA Board.

10.2 The Chair and Vice Chair advised the Committee that the report had been deliberately hard hitting and the other committees' members agreed that this was a fair reflection of the current state of affairs.

10.3 In response to a query about whether further detail could be provided under the whistleblowing and complaints section, the Monitoring Officer advised that as the investigations were still ongoing there could not be any further information disclosed in public. However, whilst recognising the confidential aspects, the Chair asked that some amplification along the lines of the wording used in the Improvement Framework Report earlier in the meeting be added to the annual report.

10.4 RESOLVED:

The Committee approved the draft annual report.

11. Work Programme

11.1 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.

11.2 RESOLVED:

To note the work programme.

11.3 ACTION:

1. To schedule a meeting between the Committee and the Internal and External Auditors to meet privately 15 minutes before a scheduled meeting.
2. CIPFA document to be circulated to all new members of the Committee.

12. Date of next meeting

12.1 Thursday 8th June – Induction Session

12.2 Friday, 9th June at 10am

12.3 Friday 9th June at 1pm – Financial Management Training Session

Meeting Closed: 12.44pm