



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

Date: Friday, 30 September 2022

Democratic Services

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

10:00 AM

72 Market Street
Ely
Cambridgeshire
CB7 4LS

Huntingdonshire District Council
[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 and Action Log

To approve the minutes of the meeting held on 29 July 2022 and to note the Action Log.

Draft Minutes 290722

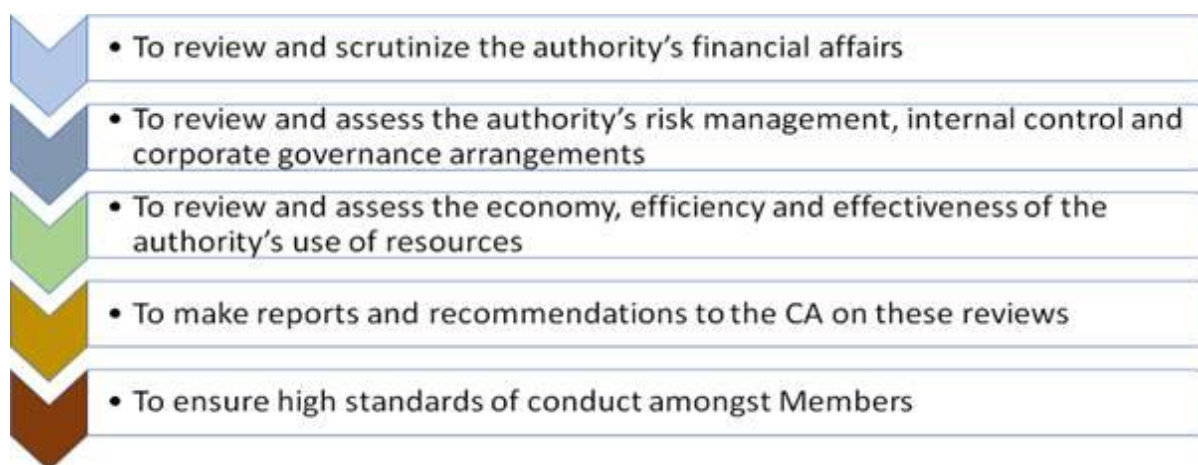
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4	Improvement Framework	14 - 30
5	Internal Audit Progress Report Sept	31 - 43
6	Subsidiary Company Governance Report	44 - 94
7	Review of Corporate Risk Register and Risk Register Improvements	95 - 125
8	Work Programme	126 - 133
9	Date of next meeting: Friday, 2nd December 2022 at 11.00 a.m.	

The Audit and 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

John Pye

Cllr Imtiaz Ali

Councillor Ian Benney

Councillor Stephen Corney

Cllr Geoff Harvey

Cllr Simon Smith

Councillor Graham Wilson

Clerk Name:	Anne Gardiner
Clerk Telephone:	
Clerk Email:	anne.gardiner@cambridgeshirepeterborough-ca.gov.uk



CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE: DRAFT MINUTES

Date: 29 July 2022

Time: 10:00

Location: Pathfinder House, Huntingdon

Committee:

Mr John Pye	Chair
Cllr Ian Benney	Fenland District Council
Cllr Simon Smith	Cambridge City Council
Cllr Piers Coutts	Cambridgeshire County Council
Cllr David Brown	East Cambridgeshire District Council
Cllr Geoff Harvey	South Cambridgeshire District Council

Officers:

Gordon Mitchell*	Interim Chief Executive Officer
Rob Emery	Business Board S151 & Dept.S73 Officer
Jodie Townsend	Interim Head of Governance
Rob Fox*	Governance Officer
Chris Bolton*	Head of Programme Management Office
Anna O'Keeffe	Internal Auditor (RSM)
Mark Jones	Internal Auditor (RSM)
Joanna Morley	Interim Governance Officer

*denotes remote attendance

1. Apologies for Absence and Declarations of Interest

- 1.1 Apologies were received from Cllr Ali, Cllr Corney and Cllr Wilson. Cllr Coutts attended as a substitute for Cllr Wilson.
- 1.2 No disclosable interests were declared.

2. Chair's Announcements

- 2.1 Following the debate and the recommendations arising from the Committee's last meeting, a formal letter had been sent to the Board. Feedback on that letter and the recommendations made would be discussed under item 4; The Improvement Framework.

- 2.2 The Committee had requested that a representative from DLUHC attend this meeting and a formal invite had been extended. The following response had been received:

Given where we are in our support of CPCA and given the changing circumstances and the nature of the Government until a new Prime Minister is in post, we think it best that we do not attend on this occasion. We will continue to observe meetings and review public papers and will be in touch as necessary.

3. Minutes of the last Meeting and Action Log

- 3.1 The minutes and the action log of the meeting held on 30 June 2022 were discussed.

RESOLVED:

- i. That the minutes of the meeting of 30 June 2022 be approved subject to the following addition:

Members asked for officers' feedback on how capacity shortfalls had affected delivery.

- ii. That the Action Log be noted.

4. Improvement Framework Including Review of Governance

- 4.1 Gordon Mitchell, Interim Chief Executive introduced the report which provided an update on the development of an Improvement Plan and associated next steps for the Combined Authority, following consideration of an Improvement Framework report by the Board on 27 July 2022.

During discussion the following points were noted:

- a. Both the Overview and Scrutiny Committee and the CA Board had recognised the scale and scope of the issue and agreed with the approach laid out in the report. At their respective meetings they had given their unanimous support for the requested delegations to the Interim Chief Executive.
- b. The Combined Authority's response to the External regulator's concerns was in the form of the reports presented and these would inform his end of year judgement.
- c. In addressing the Committee's recommendation that the CA should seek external advice in formulating an any action plan, the Interim Chief Executive had been liaising with both the Department of Levelling Up Housing and Communities (DLUHC) and the Department of Business, Energy and Industrial Strategy (BEIS) to get their perception of the issues. There had also been external independent input in the form of Jodie Townsend's Review of Governance, the recruitment of a BEIS approved independent consultant, Richard Hall, to look at the zero-carbon work, and the partial release of the Senior Programme Manager from the Oxford Growth Board to look at several strands of CPCA work.
- d. The Committee had also recommended that the terms of reference for the Improvement Panel be reconsidered. Mr Mitchell's view was that the work done on outlining the format of the Panel had been premature and that the self-assessment exercise should be conducted first, with a group brought together to question and oversee that. The improvement plan would then be designed around its findings. A revised Terms of Reference for the Improvement Board was due to go to the Board in September.
- e. The senior management capacity had been expanded with the appointment of Edwina Adefehinti as interim Deputy Monitoring Officer and extension of contracts for Steve Cox and Jodie Townsend.
- f. The Committee felt that it had been unsighted on the depth of the capacity problem, not just for improvement but for business as usual.

- g. The most significant capacity gap was at senior level where there were a number of employment issues to be resolved which included acting up arrangements, sickness and the difficulty of recruitment in certain fields.
- h. To tackle the issue of the organisation's culture there first had to be an acceptance of the issues and the ways of working. Mr Mitchell had met with every board member individually to get their views
- i. As part of the Improvement work there were 'structural' issues to be resolved; for example, currently there were elements of the Constitution that clogged up the business of the CA Board and therefore needed addressing.
- j. Members felt that the self-assessment exercise was quite an overwhelming body of work and that there needed to be some prioritisation of the fundamental issues.
- k. The timeline for the improvement framework would be assessed to see whether it was realistic, but manageability also had to be balanced with pace. Information that had already been pulled together, such as the Review of Governance and previous reports on the issues, would be used in conjunction with the results of the self-assessment exercise.
- l. The report going to the Board in September would set the priorities for the Improvement Plan.
- m. Cllr Edna Murphy had been appointed as the new Lead Board Member for Governance and conversations with her had already begun to start on the implementation of the Review of Governance's recommendations.
- n. Members felt that although the Committee was charged with overseeing behaviour and standards, they should have been alerted to potential problems rather than actively seeking out information. The Chair however asked that the role of the Committee in overseeing standards be an item for debate as part of the 'lessons learned' item that was to be part of the Committee's work programme.
- o. The internal control systems needed to be reviewed to make sure that the Committee was being provided with the right information at the right time.
- p. The Committee welcomed the report and endorsed its approach.

RESOLVED:

That the Improvement Framework Report, including the Review of Governance, and the CA Board's response to it, be noted.

ACTION:

The Committee to reflect on its role and seek improvements on how information is received and how the behaviour of members is overseen as part of a 'lessons learned' agenda item for the December meeting.

5. Corporate Risk Register

- 5.1 Chris Bolton, Head of Programme Management Office introduced the report the purpose of which was for the Committee to monitor the Combined Authority's risk management arrangements including reviewing the revised Risk Register.
- 5.2 During discussion the following points were noted:
 - a. The Greater South East Energy Hub had been rebranded in April and was now known as the Greater South East Net Zero Hub
 - b. There had been a specialist risk management team who had produced the Pathfinder Risk management report for the Internal Auditors, RSM, and the recommendations made were aligned with best practice and what was seen elsewhere in the not-for-profit sector, and the wider corporate sector.
 - c. The Chair of the Committee observed that the overarching risk ie. The future viability of the Combined Authority was missing from the register.
 - d. The next report to Committee would present the top four or five risks with a narrative attached. It would also show how the risks aligned with corporate objectives.

RESOLVED:

That the Review of Corporate Risk Register and Risk Management Strategy report be noted.

ACTION:

Before the next quarterly report on the risk register, the Head of Programme Management would circulate to the Committee a revised report format reflecting the comments made by Members. This would include:

- the future viability of the CA as an overarching risk
- the direction of travel for the risk,
- prioritisation of the top 4 or 5 risks
- a narrative to expand on the issues

6. Internal Audit Progress Report

- 6.1 Anna O’Keeffe, Senior Manager RSM, introduced the report which asked the Committee to note progress being made against the internal audit plan for 2021/22.
- 6.2 During discussion the following points were noted:
- a. Since the last report, 5 draft reports had been issued and auditors had been asked to undertake 2 ad-hoc reviews.

RESOLVED:

That the Internal Audit progress report for 2020/21 be noted.

7. Internal Audit Annual Report

- 7.1 Mark Jones, Partner at RSM, introduced the Internal Audit Annual Report the purpose of which was to provide the Committee with an Internal Audit opinion for 2021/22 as required under the Public Sector Internal Audit Standards.
- 7.2 During discussion the following points were noted:
- a. The Annual Internal Audit report was a draft report as audit reports for last year remained in draft and it was possible that as they were finalised, opinions might change.
- b. Based on the position of reports currently, the head of internal audit’s opinion for the CPCA was that there were “weaknesses in the framework of the governance, risk management and control such that it could become inadequate and ineffective.”
- c. The opinion was the third level of four possible opinions and was a negative opinion.
- d. There had been an issue around the timing of the audits as much of the work had been done in the last quarter and there was still a large percentage of work that had not yet been finalised so it would have been difficult for Internal Audit to have alerted the Committee to this opinion any earlier that it had done so.
- e. The finalised report would come through to the next meeting in September.
- f. The internal auditors did a huge amount of work in the not-for-profit sector and less than 5% of the Head of Internal Audit annual opinions were negative.
- g. Internal Audit had been asked to carry out audits late in 2021/22 because of management capacity and because they were agreed later. The advice for the forthcoming year would be to get the work done as soon as possible and get management reports finalised so that anything negative could be addressed, and then the actions taken could be taken into consideration for the Annual Opinion.

- h. Members commented that they were grateful for the candid insight into what was a disappointing message and found the advice offered by Auditors helpful. The Committee recognised that it would be an advantage to meet internal audit requirements early and given the current position the CPCA found itself in, the emphasis should be on management meeting these requirements.

RESOLVED:

That the draft Internal Audit Annual Report for 2021/22 be noted.

ACTION:

That a comment regarding the incidence and significance of a negative opinion in the sector be included in the auditors' final report.

8. Internal Audit Plan 2022-23

- 8.1 Anna O'Keeffe, Senior Manager RSM, introduced the report which asked the Committee to consider and approve the proposed CA Audit Plan for 2022/23.

- 8.2 During discussion the following points were noted:

- a. The deep dive review of data protection had already started.
- b. Internal audit needed to be working in tandem with Overview and Scrutiny on their recently proposed review of the Affordable Homes Programme to avoid duplication of work for officers.
- c. Officers welcomed the opportunity to work with Internal Audit on elements of the Improvement Plan and supporting Governance.
- d. Members asked whether there was a risk in accepting the programme laid out in the Plan and then not being able to deliver against it.
- e. It was proposed that there be a flexible approach to the Plan and that the process be set running. The Committee could take stock at the September meeting and there would be an onus on RSM to highlight any issues with the management and delivery of the reviews.

RESOLVED:

That the Committee:

- i. Approves the topics of the reviews proposed in the CA Audit Plan for 2022/23
- ii. Recommends that officers adopt a flexible approach and give priority to work that helps the improvement journey.

That RSM will:

- iii. Forewarn the Committee of any potential issues it has, or foresees, with delivery against the Plan.

ACTION

- i. That the Committee reviews progress against the Plan at their September meeting and encourages management to take a realistic view of what they can deliver.

9. Draft Narrative Report and Annual Governance Statement 2021/22

- 9.1 Rob Emery, Business Board S151 & Dept. S73 Officer introduced the report the purpose of which was for the Committee to receive an update to the preparation off the 2021/22

financial statements and to note the draft Annual Governance Statement 2021/22 and the draft narrative report.

9.2 During discussion the following points were noted:

- a. The numbers were not available because of the sudden illness of the lead officer.
- b. Officers were advised by External Auditors that the narrative should be reflective and focus on the delivery of the Authority in 21/22 and make reference to the Annual Governance Statement (AGS) where the governance issues highlighted by external auditors were explored in more detail.
- c. One positive of the report's delay was that it could be updated to reflect the Improvement Plan that was recently agreed by the CA Board.
- d. The full accounts would be presented to the Committee at their September meeting alongside an updated AGS.
- e. Most of the draft AGS was completed before the draft annual opinion from RSM had been received which is why the items they asked to be specifically addressed in the AGS had not been done. Officers assured the Committee that these would be included in the next draft.
- f. Ernst Young's audit had always been scheduled for November so the report being delayed until September had not affected this timeline.
- g. The Committee recognised that this was work in progress.
- h. The AGS was signed off by the lead politician of the Authority, the Mayor in the case of the CPCA, and the Chief Executive. However the Statement of Accounts that incorporated the AGS had to be approved by the Committee. Officers would make this distinction clear in the recommendations of their report in September.
- i. The timeline of the report should be highlighted and a post end of year comment included in order to demonstrate awareness of recent events at the CPCA.

RESOLVED:

That the Committee:

Note the draft narrative report 2021/22 and the draft Annual Governance Statement and recommend that a post end of year comment detailing latest developments be included in the final report.

10. CPCA Local Authority Trading Companies

10.1 Rob Fox, Interim Governance Officer introduced the report the purpose of which was to provide the Committee with information on the governance status and the organisation of the Combined Authority's Local Authority Trading Companies.

10.2 During discussion the following points were noted:

- a. RSM were undertaking an internal audit of the governance of the subsidiary companies which would be presented to the Committee soon.
- b. Although officers did not wish to anticipate the key findings of this audit, it was known that some of the functions outlined in the companies' shareholder agreements were not being adhered to in terms of the management and performance of the subsidiaries. This would be rectified by providing the CA Board with regular updates.
- c. There was some turnover of directors of the subsidiary companies which meant that up to date signatures on the shareholder agreements was an issue that was being addressed.
- d. Members felt that the report did not provide enough information for the Committee to review and challenge the CA's governance arrangements of its trading companies as defined in the new terms of reference.
- e. Whatever the report from RSM would show it was incumbent on the authority to put together all the information that the Committee had requested.

- f. The lack of oversight from the CPCA regarding the operation of its subsidiaries was one of the factors that had contributed to the auditor's negative opinion and was therefore an important issue for the Committee to consider.

RESOLVED

That the update on the Combined Authority Trading Companies be noted.

ACTIONS

- i. Governance officers to map out both current arrangements and best practice for the governance arrangements of trading companies and report back to the Committee at their next meeting.
- ii. The Internal Audit Report on the governance of the CA's subsidiary companies to be presented to the Committee at their next meeting on 30 September 2022.

11. Work Programme

- 11.1 27 January 2023 was confirmed as a meeting date rather than a reserve option as was mistakenly shown in the work programme document.
- 11.2 The Officer Code of Conduct would be reviewed at the January meeting.
- 11.3 Members discussed the possibility of a members' briefing session on the Lessons learnt from the External Audit before the item was added to a meeting agenda.

RESOLVED

That the work programme be noted.

ACTION

That the following items be added to the agenda for the meeting of the Committee on 30 September 2022:

- i. Management view of progress and expected delivery against the Internal Audit Plan
- ii. Internal Audit Report on the governance of the CA's subsidiary companies
- iii. Mapping exercise of current and best practice governance arrangements of the CA's subsidiary companies.

12. Date and Time of Next Meeting

- 12.1 The Committee would next meet on Friday, 30 September 2022 at 10:00 at Pathfinder House, Huntingdon

Meeting Closed: 13.13pm

Audit and Governance Committee Action Log

Purpose: The action log records actions recorded in the minutes of Audit and Governance Committee meetings and provides an update on officer responses.

Minutes of the meeting 29 July 2022

Minute	Report title	Lead officer	Action	Response	Status
Item 4	Improvement Framework Including Review of Governance	John Pye, Chair	The Committee to reflect on its role and seek improvements on how information is received and how the behaviour of members is overseen as part of a 'lessons learned' agenda item for the December meeting.	This has been added to the workplan as an agenda item	Open
Item 5	Corporate Risk Register	Chris Bolton	Before the next quarterly report on the risk register, the Head of Programme Management would circulate to the Committee a revised report format reflecting the comments made by Members. This would include: <ul style="list-style-type: none"> the future viability of the CA as an overarching risk the direction of travel for the risk, prioritisation of the top 4 or 5 risks a narrative to expand on the issues 	Update item included on the September meeting agenda	Closed
Item 7	Internal Audit Annual Report	Daniel Harris	That a comment regarding the incidence and significance of a negative opinion in the sector be included in the auditors' final report.	Scheduled for the December meeting	Open
Item 8	Internal Audit Plan 2022-23	Daniel Harris	That the Committee reviews progress against the Plan at their September meeting and encourages management to take a realistic view of what they can deliver.	Progress report included on the September meeting agenda	Closed
Item 9	CPCA Local Authority Trading Companies	Rob Fox	i. Governance officers to map out both current arrangements and best practice for the governance	Progress report included on the September meeting agenda	Closed

			<p>arrangements of trading companies and report back to the Committee at their next meeting.</p> <p>ii. The Internal Audit Report on the governance of the CA's subsidiary companies to be presented to the Committee at their next meeting on 30 September 2022.</p>		
Item 11	Work Programme	Jo Morley	<p>That the following items be added to the agenda for the meeting of the Committee on 30 September 2022:</p> <p>i. Management view of progress and expected delivery against the Internal Audit Plan</p> <p>ii. Internal Audit Report on the governance of the CA's subsidiary companies</p> <p>Mapping exercise of current and best practice governance arrangements of the CA's subsidiary companies</p>	Items included on the September meeting agenda	Closed

Minutes of the meeting 30 June 2022

Minute	Report title	Lead officer	Action	Response	Status
Item 5 Action 1	Engagement with DLUHC on External Auditors' value for money risk letter	Jon Alsop / John Pye, Chair	Given the unusual circumstances, and in addition to the formal reporting by officers, the Chair would write to provide CA Board members with some direct feedback on the A&G's conclusions.	Letter sent 14/07	Closed
Item 5 Action 2	As above	Jon Alsop	That an officer from DHLUC be invited to attend the next meeting of the Committee to give their assessment of the situation and views on the way forward.	Invite extended – awaiting response	Closed
Item 5 Action 2	As above	Jon Alsop/ Anne Gardiner	An item on 'lessons learned' from the External Auditor's intervention be added to the Committee's work plan for consideration in early 2023.	Scheduled for January	Closed
Item 6 Action 1	Member Officer Protocol	Jodie Townsend	The Committee would review the Member Officer Protocol in six months' time and annually thereafter.	Scheduled for January	Closed

Minutes of the meeting 11 March 2022

Minute	Report title	Lead officer	Action	Response	Status
6.9	Internal Audit Progress Report	Rob Parkin	The Monitoring Officer to update the Committee on the progress of the externally commissioned work being carried out on HR Policies	Scheduled for July	Open
11.7	Terms of Reference – Climate Change Working Group	Adrian Cannard /Anne Gardiner	That a further update report be scheduled for six months' time.	Scheduled for December	Closed
12.7	Financial Strategies	Robert Emery / Anne Gardiner	That a development session on Financial Strategies be arranged for the Committee at the beginning of the next municipal year.	To be arranged	Open
14.5	Draft Annual Report	Anne Gardiner	That the Committee reviews its work in six months' time to reflect on its integration with the CPCA.	Scheduled for December	Open

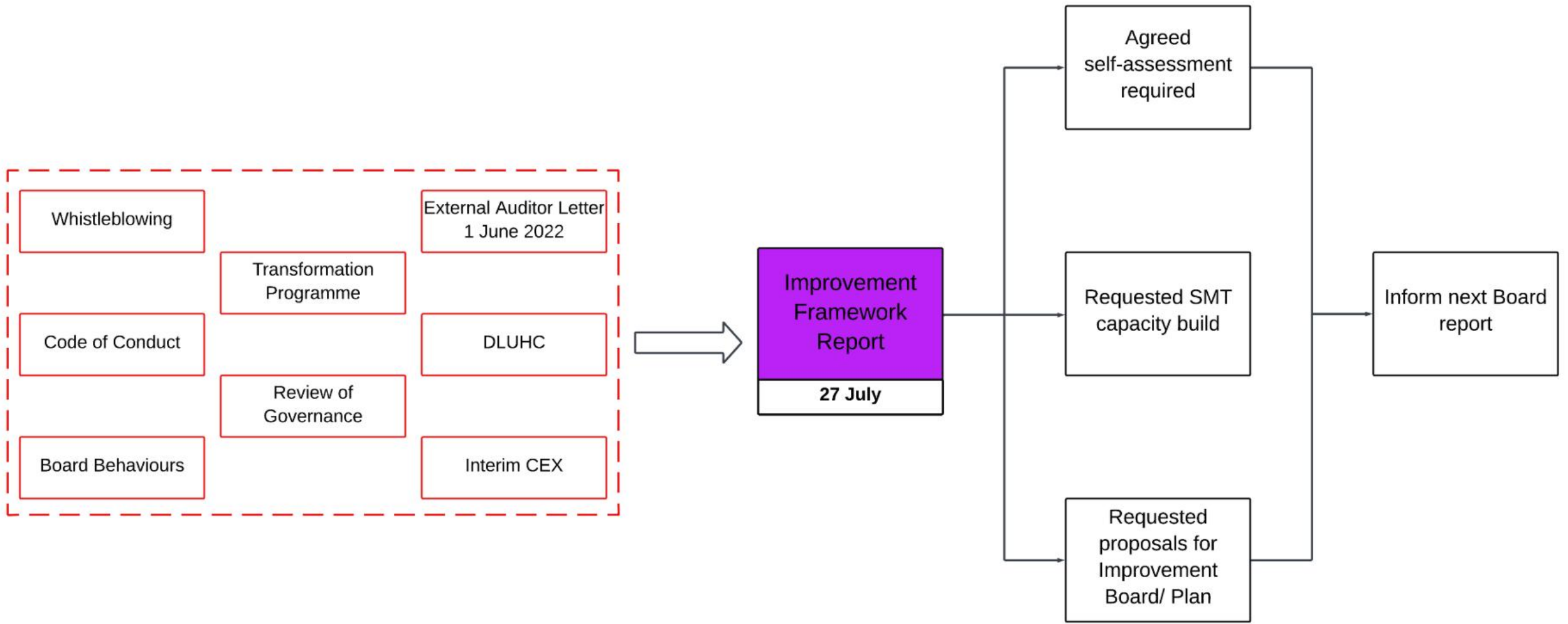
Minutes of the meeting 28th January 2022

Minute	Report title	Lead officer	Action	Response	Status
2.2	Chair's Announcements	Chris Bolton/Anne Gardiner	Committee requested that they receive a further development session on project management which would report on value for money, provide hard numbers and qualitative aspects for the members to consider.	To be arranged prior to December's meeting	Open

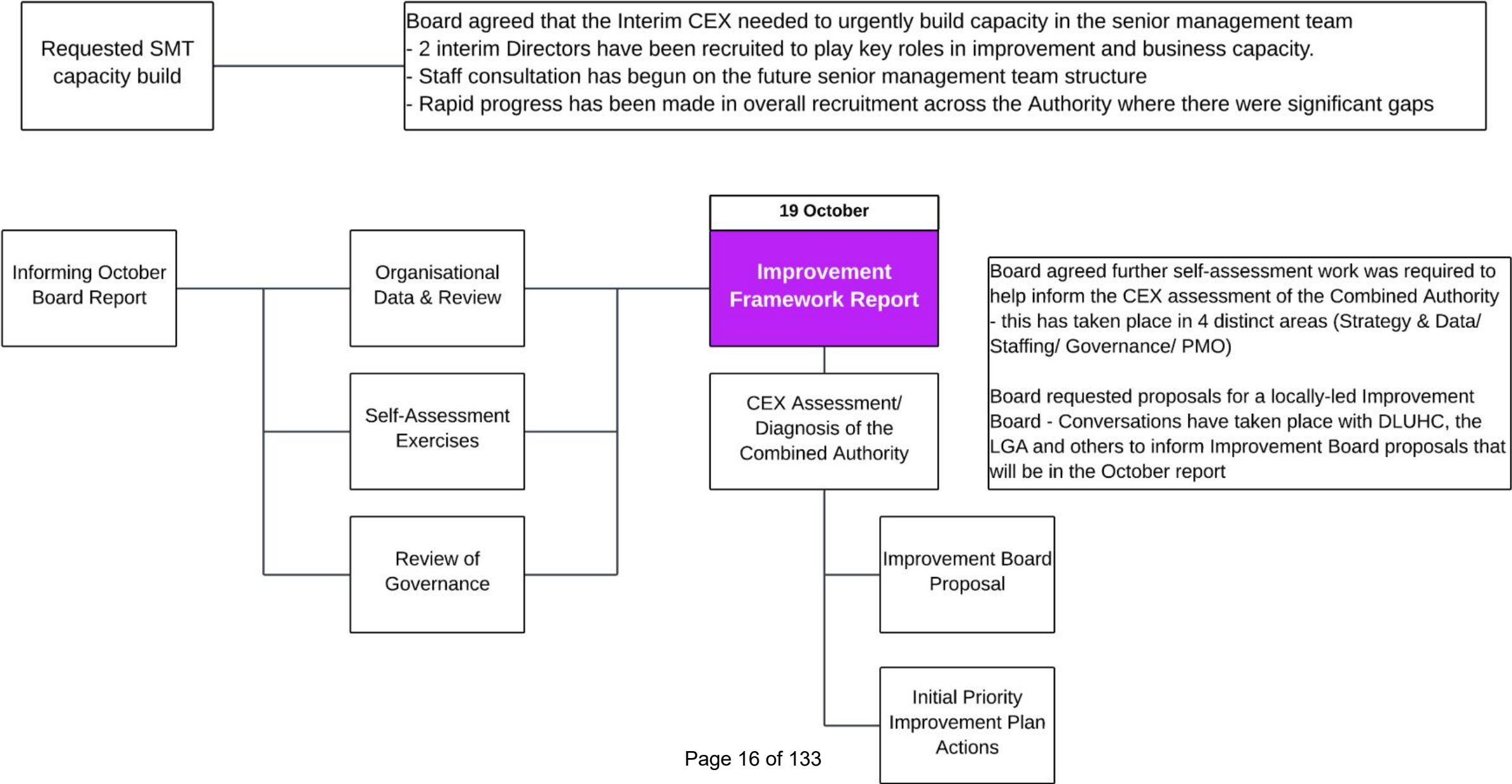
Improvement Framework

Audit and Governance Committee

How did we get here?



Informing the October Improvement Report



There are 5 big lessons – perhaps even pre-requisites for success

- The development of an overarching strategy for the region – the place – and organising everything behind it.
- Establishing clarity of purpose – and for an MCA to be clear on where it can add value.
- The Mayor developing the right behaviours/ skills and a strong outward facing role.
- CA board members who are individually sufficiently self-aware and skilled to go beyond parochial party politics to establish and practice a culture of pragmatism for the benefit of the region.
- An effective and efficient organisation, which works as part of the local system.

Chief Executives Priority Areas of Focus

The October report identifies 6 key priority areas of focus over the next 3 months, they are:

- Establish clarity on the scale of political ambition and develop an overarching strategy for the remainder of this mayoral term, and to chart the next steps on that journey. This needs to include defining the purpose and role of the CPCA and in particular where the CPCA can add value.
- Implement a comprehensive reset of ways of working and align the policy development and pre-Board processes to support this
- Prioritise work to establish a long-term strategy for transport, an urgent development of a bus strategy and review the role and functioning of the Business Board
- Undertake a strategic review of income projections, including options, to secure sustainability and the possibility of taking a more strategic approach to the application of funds for identified priorities
- Design and implement an organisation for today's performance, and with the agility to act on emerging demands and opportunities
- Map the approach, capacity and arrangements needed to build an effective public relations and influencing delivery operation

Priority Areas of Focus – What might be the return on this commitment?

Outcomes will be identified within the October report under the 6 priority areas with actions required to deliver them. A focus on the 6 priority areas can lead to the following return in the next 3 months:

- Shift to a transitional arrangement of board cycles, adjusted focus, more strategic content
- A draft 'overarching strategy' document
- A draft Medium Term Financial Strategy which reflects the overarching strategy
- A worked-up transport strategy and bus strategy
- Proposals for the next phase of development of the Business Board
- Resolution to the current investigations

And in the operation:

- A senior staffing structure and plan for recruitment
- A period of stability in the workforce
- Improved collaborative processes between CPCA and constituent authority officers

Moving Forward – what will others see?

- Huge reduction in tension and frustration in board, and in dynamics and focus.
- Members feeling time is spent on worthwhile debate and activity.
- Members and officers believing that the MCA can genuinely expect to secure greater investment and improved reputation.
- Individual Board members spend more of their time on informal discussions finding issues of agreement, speaking up for the needs of the region, and its priorities.
- Recognition that the Mayor has secured greater attention from ministers and influential stakeholders for the region's needs.
- An absence of political point scoring in board noticed by all interested parties.
- That staff in CPCA and the local authorities view board members as role models for good behaviour, collaboration and working towards consensus.
- CPCA staff recruitment and retention improves.
- A **Devo deal 2** looks possible, even likely.
- Staff expect to work in 'virtual teams' on policy development and programme delivery.
- The CPCA operation has matured, supports the Mayor and board with a feel of 'one CPCA'.

Moving Forward

Engagement has taken place with the Chief Executives Group who provided advice on moving forward with the October report and improvement framework.

Key issues raised:

- Poor behaviour at Board meetings has become normalised – such behaviour needs to be called out and dealt with appropriately
- Report is strong but runs the risk of Board Members defaulting into arguing about the past – need to ensure focus is on moving forward
- Important to sharpen how bad things really are whilst also offering a way forward, explain what could change

In order to deliver on commitment for improvement Board will need to:

- Endorse October report and agree a way forward
- Agree Initial Improvement Plan (focus on priority areas for next 3 months) with robust delivery and reporting
- Get Improvement Board in place and supported by Improvement Group (with Exec Team Members identified as 'owners' for 6 key areas of focus)

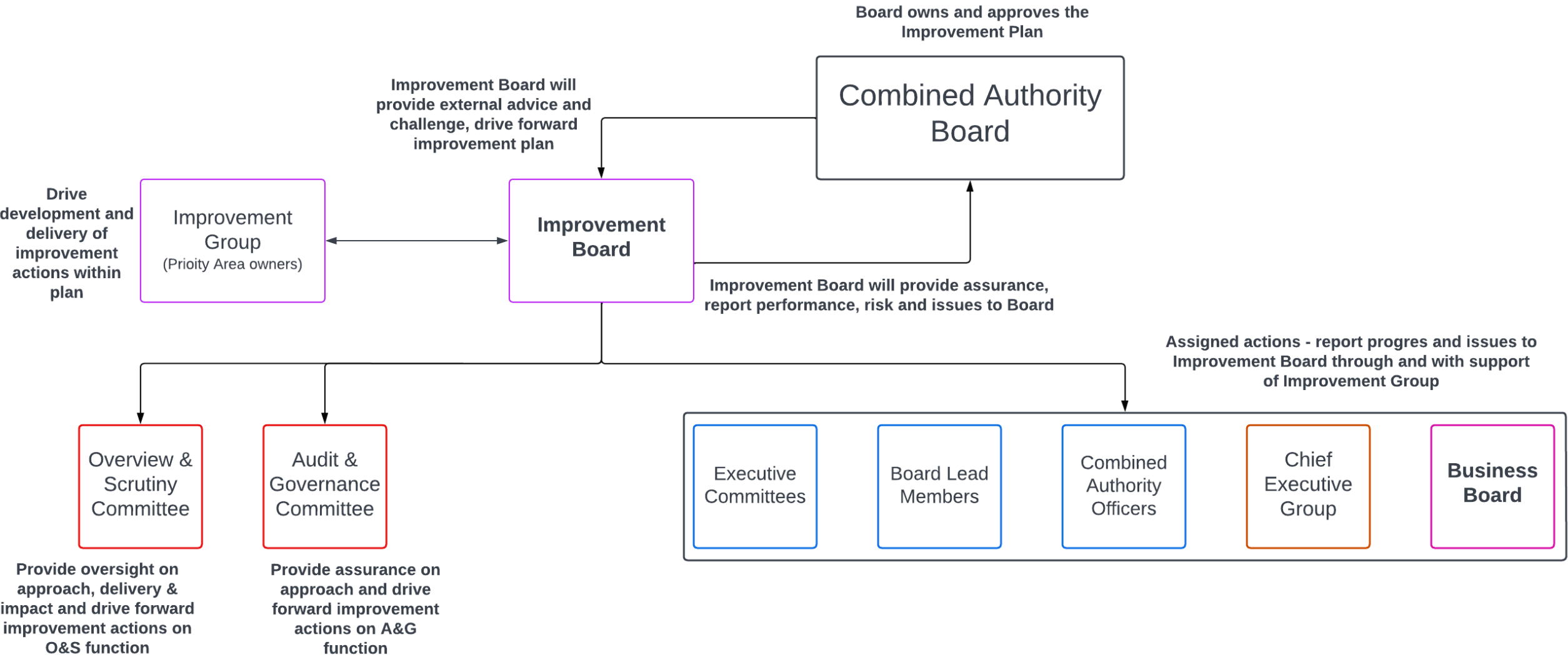
Improvement Board

Purpose:

- ☐ To provide external advice, challenge, and expertise to Cambridgeshire and Peterborough Combined Authority to ensure focus, grip, pace and effective change on key areas identified.
- ☐ To drive forward the delivery of the Combined Authority Improvement Plan agreed by the Combined Authority Board.
- ☐ To provide assurance to the Combined Authority Board and external agencies of the progress on delivering the key outcomes and associated activity set out in the Improvement plan.
- ☐ To identify and share learning and best practice with Members and Officers on all activities included in the Authority's Improvement Plan, including identification of development opportunities for both members and officers.

Improvement Board Governance

The 6 priority areas are detailed in a single improvement plan to be owned by the CA Board.



Improvement Board – Terms of Reference and Membership

Terms of Reference

- ☐ Purpose
- ☐ Accountability and reporting to CA Board on progress and for key decisions
- ☐ Working arrangements
- ☐ Board meetings and agenda mgt
- ☐ Relationship with officer improvement group
- ☐ Review

Membership

- ☐ Balance of membership based on expertise and experience
- ☐ Suggested Board structure and membership:
 - Independent Chair
 - Independent external members*
 - Independent external member (LGA rep)
 - Mayor – or his representative operating as the link with the CA Board
 - Representative from each of other political groups
 - Interim Chief Executive

Approx 8/9 in total

**Balance of political parties and independent officers
Working with LGA re potential nominations*

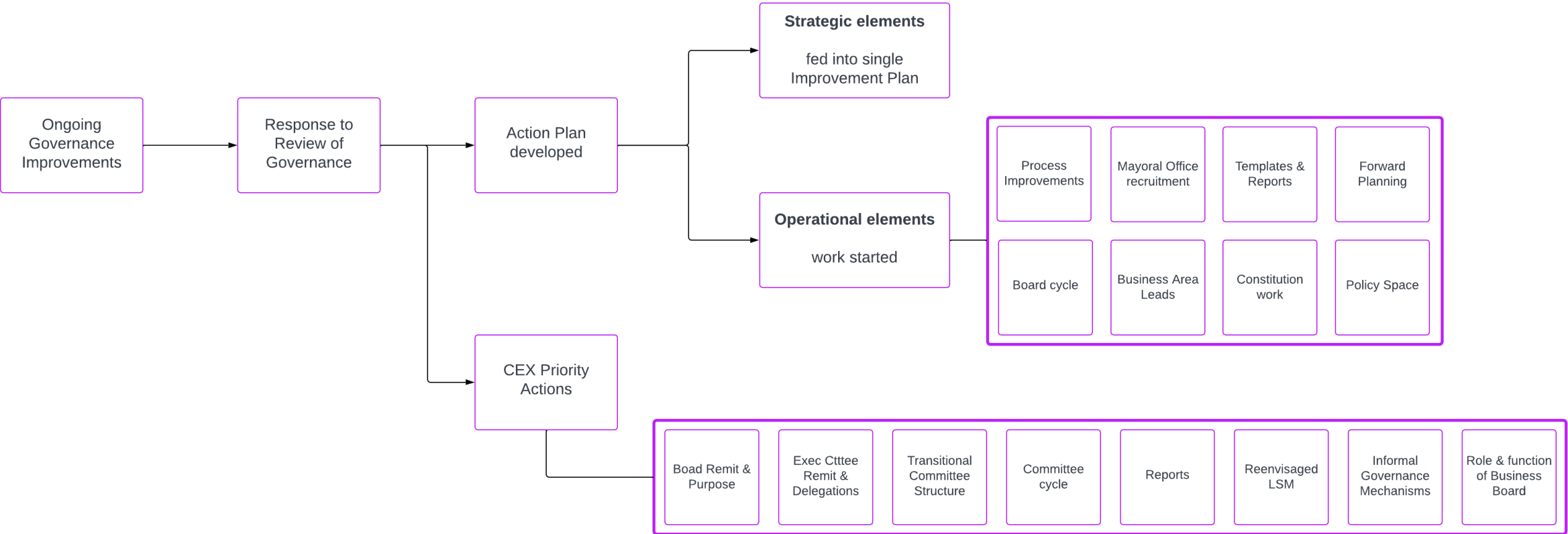
Improvement Group

- ❑ To bring together the six theme leads, the PMO and key representatives from across the CA to:
 - ensure that detailed project and resource plans are developed and agreed
 - that dependencies between projects are understood
 - key risks identified and mitigated,
 - learning is captured and shared, and progress is reported in a consistent and timely way to the Improvement Board
- ❑ The interim Director, Transformation Programme will operate as Sponsor of the Improvement Programme and be accountable for the overall delivery of the Plan and reporting to the Improvement Board of identified actions.
- ❑ Project leads will be accountable for identified activity to be delivered and for supporting dependent activities from across the overarching plan. Highlight reports setting out progress against agreed timelines, any risks or slippage, resourcing issues will be identified and reported to the Improvement Board in line with the agreed meeting schedule.
- ❑ The PMO will support the Improvement Group and ensure consistency in approach and documentation.
- ❑ The PMO will also complete progress (highlight) reports for inclusion in the reporting schedule to the Improvement Board. Key learning will also be captured to aid continuous improvement and learning.

An Engagement Plan will be developed to ensure all stakeholders are able to inform improvement activity, share suggestions for improvements and be informed of progress.

Response to review of governance

Work is ongoing to deliver immediate improvements in response to the review of governance.



Improvement – Role of Audit & Governance Committee

A key role for the Committee is to assure itself (and the Board) that improvement framework will satisfy DLUHC and the External Auditors concerns.

DLUHC (8 Sept) and the External Auditor (5 Sept) have been briefed on the improvement framework and October report with both responding positively but wanting to see how Board deals with the report.

DLUHC have also indicated that they want to see delivery against the improvement plan through November and December and examine any barriers that may be preventing progress.

Another key role for the Committee is to assure itself (and the Board) that improvement is on track, to assist this it is proposed that:

- ❑ Improvement Highlight report be presented to Committee that sets out high level view on performance, risk and issues. Cover report to include commentary on actions taken and next steps to address significant concerns raised by External Auditor.

Additionally the Committee will receive in due course a report from the External Auditor and have the opportunity to discuss the CA response to the significant concerns raised.

Improvement – Role of Audit & Governance Committee

There are several improvement workstreams that will seek to engage the Committee for input at the appropriate point, these include improvements to corporate governance arrangements such as:

- ☐ performance management
- ☐ risk management
- ☐ financial management
- ☐ corporate governance escalation processes

There is also a constitution workstream that will seek to rewrite the constitution to address matters raised within the review of governance and reflect the numerous constitutional changes required from the improvement framework. The constitution work will also seek to create a best practice document.

This work will be led by a small officer group in consultation with the Lead Member for Governance in order to allow quick progression. It will however require proposals to be considered and approved by the Committee for recommendation onto Board.

Improvement – Role of Audit & Governance Committee

The Committee has already agreed to tasking officers with improving the Code of Conduct, ensuring it incorporates an improved member-officer protocol and develops a social media protocol. This will come back to the Committee for consideration once drafted.

The following areas are made as suggestions for the Committee to consider for inclusion within its work programme that can play a role in the improvement journey:

Corporate Governance
Assurance Framework compliance - How to assess compliance
Whistleblowing Arrangements - Review process and recent complaint(s) to ensure process is fit for purpose
Annual Governance Statement improvements Ensure process and statement is set against identified CIPFA criteria
Assurance Framework Improvements - Set design principles/ link to improvement project

Response to review of governance The following are recommendations accepted by Board for A&G
PARC - Support for Audit & Governance Committee be enhanced to ensure clear links exist between the role and information provided to PARC and the Committee
Performance Management - The role of Audit & Governance Committee be clarified regarding performance management and what information it requires to undertake this role
Assurance Framework - The role of the Audit & Governance Committee be enhanced as it applies to the Assurance Framework to ensure that it includes oversight of compliance with the Assurance Framework and best practice development
Financial Management - Audit & Governance Committee be provided with training on its financial management role, key associated skills and how this fits into the Combined Authority context

Ask of Audit & Governance Committee

The Committee is asked to:

- ☐ Note the presentation on the next steps of the improvement framework and proposed report to October 19 CPCA Board meeting
- ☐ Endorse the proposed next steps as set out in the presentation
- ☐ Give consideration to what needs to be included regarding the improvement framework in the Committees 2022/23 work programme



**CAMBRIDGESHIRE
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Agenda Item No: 5

Internal Audit Progress Report

To: Audit and Governance Committee

Meeting Date: 30 September 2022

From: Jon Alsop, Head of Finance and S73 Officer

Key decision: Not a key decision

Forward Plan ref: n/a

Recommendations: The Audit and Governance Committee is recommended to:

- a) Receive and note the internal audit progress report against the audit plans for 2021/22 and 2022/23 as provided by the Combined Authority's internal auditors, RSM Risk Assurance Services LLP (RSM).

Voting arrangements: Note only item, no vote required.

1. Purpose

1.1. The purpose of the report is for the Audit and Governance Committee to:

- (a) Receive and note progress being made against the internal audit plans for 2021/22 and 2022/23.

2. Background

2.1. RSM presented the internal audit plan for 2021/22 to the Audit and Governance Committee in April 2021. The attached report provides an update to the Committee of the outstanding audits of the 2021/22 plan.

2.2 The Committee received a draft internal audit plan for 2022/23 at its meeting of 29th July 2022. Members approved the topics proposed in the plan but recommended that officers adopt a flexible approach to the commissioning of reviews to give priority to work that helps the improvement journey. The attached report also provides an update to activity against the 2022/23 internal audit plan.

3. Financial Implications

3.1. Internal audit fees are within those agreed as part of the internal audit service contract.

4. Legal Implications

4.1. No legal implications have been identified.

5. Other Significant Implications

5.1. No other significant implications have been identified.

6. Appendices

Appendix 1 – Internal Audit update report (RSM)

7. Background Papers

Internal Audit Plan – A&G Committee April 2021

[Internal Audit Plan A&GC April 2021](#)

Internal Audit Plan – A&G Committee July 2022

[Internal Audit Plan A&GC July 2022](#)

CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Internal Audit Progress Report

30 September 2022

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

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1 Key messages

The internal audit plan for 2022/23 was approved at the July 2022 meeting. This report provides an update on progress against that plan, the changes to the plan and summarises the results of our work to date (including the remaining audits from the 2021/22 internal audit plan). As the developments around Covid-19 will continue to impact on all areas of the organisation's risk profile, we will continue to 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.

2021/22 Internal Audit Delivery

Since the last meeting we have issued three further final reports:

- Follow Up (Reasonable Progress);
- Subsidiary company governance (minimal assurance);
- Capital programme – monitoring and reporting (reasonable assurance).

Two other reports remain in draft:

- Payroll
- IT Control Framework (Part 2).

We are awaiting comments from management ahead of finalising the above reports. [\[To note\]](#)

Additional 2021/22 internal audit activity

As part of our contract with you we are asked from time to time to undertake ad-hoc reviews. One of these reviews was around Community Land Trusts. This report has been issued in draft and whilst we have received feedback from management that they are content with the report, we are awaiting the provision of action owners and implementation dates, to allow us to issue a final report. We were also asked by Officers to undertake an Analysis of Government Procurement Card Expenditure and Expenses. The draft report has been issued and work is ongoing to finalise this report. [\[To note\]](#)

2022/23 Internal Audit Delivery

The fieldwork for the risk management audit is in progress, and the final report is expected to be presented to the next Audit & Governance Committee (AGC) meeting.

Remaining audits are in the process of being scoped, however please note that we have been asked to postpone the IT Audit until later in the year due to the transition period which is currently underway. [\[To note\]](#)

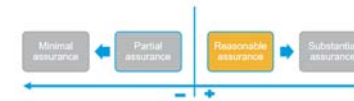
2 Reports

Summary of final reports being presented to this committee


We have finalised three reports since the last meeting.

2021/22 internal audit plan

Assignment	Debrief Date	Opinion issued	Actions agreed		
			L	M	H
Capital programme – monitoring and reporting <p>Our review confirmed that controls in relation to key areas such as programme approval, the development of highlight reports and monitoring of the programme by the CAB were well designed. For example, we found there was regular presentation of Budget Monitor Reports and challenge and scrutiny of these by the Board members. We also found that the Authority had developed Assurance and Monitoring and Evaluation Frameworks, and a 10 Point Guide for Project Management which provided detailed guidance on developing and monitoring capital projects.</p> <p>However, we found significant weaknesses in the monitoring of the capital programme and the accuracy of data reported to the PARC. More specifically, we reviewed a sample of performance figures presented to the latest meetings of the PARC, the Transport and Infrastructure Committee and the CAB, and found that inaccurate reporting had been presented to the PARC and Transport and Infrastructure Committee (to at least one of their meetings). We noted the differences between source and actuals ranged from £220k to £250k which could ultimately lead to decisions being made in relation to the Capital Programme utilising inaccurate financial information.</p> <p>Furthermore, we noted a significant variation in the reporting to the Transport and Infrastructure Committee which included a variation of £3.5m without clear notes to explain the reason for the variation where the actual spend figure for the Soham Station project had fallen from £10.1m presented to the September 2021 meeting (based on July 2021 information) to £6.6m presented to the November 2021 meeting (based on August 2021 information). It was subsequently identified that this was due to accruals incorrectly left in the calculation from previous months that had not been identified. However, it was evident that an explanation of this was not captured within meeting minutes or clear from papers presented. This led to the agreement of four medium priority management actions.</p>	12/04/22	Reasonable Assurance	2	2	0



Item 5

Assignment	Debrief Date	Opinion issued	Actions agreed		
			L	M	H
Follow up <p>Of the 10 agreed management action considered in this review, consisting of six medium and four low priority actions, we found that one medium and four low priority actions had been fully implemented, one medium priority action had been partly implemented, one medium priority action had not yet been implemented, and three medium priority actions had been superseded. In one case, although the medium priority action had been implemented, we agreed a new low priority action due to a further issue being identified.</p>	28/06/22	Reasonable Progress	1	2	0
Subsidiary company governance <p>Our review identified significant issues requiring management attention, including a lack of operational and financial performance reporting from the subsidiary companies to the CPCA, and a lack of oversight from the CPCA regarding the operations of its subsidiaries. In addition, evidence was not provided during the audit to confirm that the business plans of subsidiary companies were being subject to regular review by the CPCA in line with Shareholder Agreements, whilst for one subsidiary, evidence of an initial business plan was not provided. Furthermore, we identified issues with the risk registers for the CPCA's operational subsidiary companies, including a lack of separation between planned actions and implemented controls, and a lack of specific and measurable actions. We were also unable to confirm that a Programme Management Committee had been established for the Business Growth Company, as required by its Shareholders Agreement.</p> <p>We did, however, confirm that the Boards of each subsidiary company were meeting at the frequencies required per their Shareholder Agreements, and were reviewing progress and financial performance reports. We also confirmed that Shareholder Agreements were in place for each company, detailing their main governance arrangements including schedules of protected matters requiring shareholder approval, and we were provided with examples demonstrating compliance with these schedules, although signed copies of these Agreements could not be provided during the audit to confirm their existence. We also confirmed that the CPCA had arranged for company secretarial support to be provided to its subsidiary companies during 2022/23 by an external provider, with this support including governance and regulatory support, as well as training for the Directors of the companies.</p>	01/06/22	Minimal Assurance 	0	3	2

Appendix A – Progress against the internal audit plan 2021/22 – remaining audits only

Assignment	Timing / Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Additional audit: Payroll	DRAFT report issued 18 July 2022				December 2022 (September 2022)	
Capital programme – monitoring and reporting (replaced the Risk Management audit)	FINAL – Reasonable Assurance	2	2	0	September 2022 (June 2022)	September 2022
Additional follow up: IT Control Framework Part 2	DRAFT report issued 13 April 2022				December 2022 (September 2022)	
Follow Up	FINAL – Reasonable Progress	1	2	0	September 2022 (June 2022)	September 2022
Subsidiary company governance	FINAL – Minimal Assurance	0	3	2	September 2022 (June 2022)	September 2022
Community Land Trusts	DRAFT report issued 24 May 2022				December 2022 (September 2022)	
Analysis of Government Procurement Card Expenditure and Expenses	DRAFT report issued 16 December 2021 Revised DRAFT issued 12 May 2022				December 2022 (September 2022)	

Appendix B – Progress against the internal audit plan 2022/23

Assignment	Timing / Status / Opinion issued	Actions agreed			Target AGC	Actual AGC
		L	M	H		
Data Protection – deep dive	DRAFT report issued 26/08/22				January 2023 (September 2022)	
Succession planning	17 October 2022				January 2023	
Risk management	Fieldwork in progress				January 2023	
Affordable housing programme*	14 November 2022				March 2023	
Net zero hub	2 November 2022				January 2023	
Core control framework	12 December 2022				March 2023 (January 2023)	
Subsidiary companies – deep dives	16 January 2023				March 2023	
IT Audit	6 February 2023*				March 2023 (January 2023)	
Follow up	20 March 2023				June 2023	
Governance	20 February 2023				June 2023	

* please see explanation of change below

Appendix C – Other matters

Changes to the audit plan

There have been the following changes to the 2022/23 internal audit plan:

Audit/Area	Change Proposed
Affordable Housing Programme	At the July Audit & Governance Committee, it was suggested that the proposed Affordable Housing Programme audit may overlap with other work being undertaken. We are in discussions with management about the potential scope of the audit and whether it remains appropriate to be included within the plan, or whether it should be replaced with something else.
IT Audit	A scoping meeting has been held with the audit sponsor, at which we were asked to push the audit back due to the current transition period which includes IT changes.

Grant Funding work undertaken by RSM to date

Audit/Area	Work Undertaken by RSM
Grant Funding	<p>Work continues to be undertaken by our specialist team on grant funding received by the Combined Authority. This includes the following:</p> <p>These specifically relate to the grant funding noted below, one of which is pass-through funding (Local Transport Capital Block Funding) whereby expenditure is incurred by constituent councils and therefore they provide their own assurance however we are required to confirm that the CPCA have paid the constituent councils in line with the decisions made by the Mayor and other grants where expenditure is incurred by the Combined Authority. We have summarised the grants below:</p> <ul style="list-style-type: none"> Transforming Cities Fund – 2021/22 and Peer to peer Network grants claim 2021/22 BSOG Devolved LTA Funding 2022/23 Skills bootcamps Wave 3 Local Transport Capital Block Fundings 2021/22

RSM External reviews of quality

One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

Item 5

The external review concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'. The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Information briefings and Sector updates

RSM's [Technical Update Series 2022](#) commences on 20 September.

This virtual event series will feature three bespoke sessions where we will bring you the latest practical guidance on the various emerging issues and technical accounting developments.

Session one: Managing tax in taxing times

Tuesday 20 September 2022

10am – 11.30am

Led by experienced specialists, our tax technical update considers the impact of recent UK and international tax developments on businesses and business owners and will focus on tax issues affecting key decisions, HMRC's compliance focus, and issues to be aware of in managing tax costs.

Session two: Financial reporting – What's on the horizon?

Wednesday 28th September 2022: 10am – 11.30am

Our experts will navigate the ever-evolving financial reporting landscape. This session will focus on regulatory themes, expected GAAP developments, and how clients can bring their 'front end' narrative reporting to life. We'll also discuss why clients may want to adopt some ESG reporting early for competitive advantage.

Session three: People Advisory Services – Top 10 people regulatory compliance risks in 2022

Tuesday, 4 October 2022: 10am – 11.30am

Our People Advisory Services experts will be helping clients to spot the top 10 people regulatory compliance risks in their organisations and explore the options to manage and mitigate those risks.

To find out more about each of the sessions and to register, [click here](#).

Appendix C - Key performance indicators (KPIs) for 2022/23 delivery

Delivery				Quality		
	Target	Actual	Notes (ref)		Target	Actual
Audits commenced in line with original timescales following scoping	Yes	100%		Conformance with PSIAS and IIA Standards	Yes	Yes
Draft reports issued within 15 days of debrief meeting	100%	N/A		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes
Management responses received within 15 days of draft report	100%	N/A		Response time for all general enquiries for assistance	2 working days	100%
Final report issued within 3 days of management response	100%	N/A		Response for emergencies and potential fraud	1 working days	N/A
Notes						
The above KPIs take into account changes agreed by management and the Audit & Governance Committee during the year.						

FOR MORE INFORMATION CONTACT

Daniel Harris – Head of Internal Audit

Email: Daniel.Harris@rsmuk.com

Anna O’Keeffe – Senior Manager

Email: Anna.O’Keeffe@rsmuk.com

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 UK 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 UK 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.

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**CAMBRIDGESHIRE
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Agenda Item No: 6

Internal Audit Report – Subsidiary Company Governance

To:	Audit and Governance Committee
Meeting Date:	30 September 2022
From:	Jon Alsop, Head of Finance and S73 Officer
Key decision:	Not a key decision
Forward Plan ref:	n/a
Recommendations:	<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none">a) Receive and note the RSM internal audit report on Subsidiary Company Governance.b) Note the proposed management actions and timescales to address the identified weaknesses as set out in the report.
Voting arrangements: Note only item, no vote required.	

1. Purpose

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
 - a) Receive and note the RSM internal audit report on Subsidiary Company Governance.
 - b) Note the proposed management actions and timescales to address the identified weaknesses as set out in the report.

2. Background

- 2.1. RSM presented the risk-based Internal Audit Plan for 2021/22 to the Audit and Governance Committee in April 2021, this included the planned review of 'Subsidiary Company Governance' which related to RSM's identified corporate risk of a 'lack of structural resilience/Insufficient internal resources'. See link to the plan under section 7.
- 2.2. The objective of the audit review was to assess whether appropriate governance arrangements are in place to monitor, manage and support CPCA's subsidiary companies, including the reporting and escalation of matters to the CPCA for oversight and scrutiny.
- 2.3. The overall review conclusion is that the Combined Authority can take only minimal assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective.
- 2.4. The full audit report is provided at appendix 2.
- 2.5. The report identified a number of weaknesses which resulted in two high and three medium priority management actions.
- 2.6. These actions included:
 - i. Ensuring Shareholders Agreements are signed and kept in a readily accessible central location. (Medium)
 - ii. A Programme Management Committee will be established for the Business Growth Company, which will meet monthly to support the work of the company Board, as required by the Shareholder Agreement. (Medium)
 - iii. CPCA will ensure that business plans are in place for each of its subsidiary companies and ensure that these business plans (and business cases where relevant) are being reviewed and updated periodically, in line with each company's Shareholder Agreement. (High)
 - iv. CPCA will ensure that risk registers are in place for all current and future operational subsidiary companies and will establish a standard approach to risk management. (Medium)
 - v. CPCA will establish a clear governance, reporting and oversight structure for its existing subsidiary companies. As part of this structure, the methods by which the Overview and Scrutiny Committee and the Audit and Governance Committee will fulfil their responsibilities in relation to these subsidiary companies will be established and implemented. (High)

- 2.7. Officers have reviewed and accepted the recommended management actions. A summary of the actions, responsible owners and target dates for implementation is provided at appendix 1.
- 2.8. A paper will be brought to the next Committee meeting providing an update on progress being made against the agreed actions.

3. Financial Implications

- 3.1. Internal audit fees are within those agreed as part of the internal audit service contract.

4. Legal Implications

- 4.1. No legal implications have been identified.

5. Other Significant Implications

- 5.1. No other significant implications have been identified.

6. Appendices

Appendix 1 – Summary of Management Actions

Appendix 2 – RSM Final Report – Subsidiary Company Governance

Appendix 3 – Analysis of Subsidiary Companies' Shareholder Agreements (per management action 1)

7. Background Papers

[Internal Audit Plan A&GC April 2021](#)

Appendix 1

Management Action	Action Owner	Deadline
1. Ensuring Shareholders Agreements are signed and kept in a readily accessible central location. (Medium)	Interim Deputy Monitoring Officer	2 stages – review of all SHAs (by end of September) – see appendix 3, Update for signatures (by end of October)
2. A Programme Management Committee will be established for the Business Growth Company, which will meet monthly to support the work of the company Board, as required by the Shareholder Agreement. (Medium)	SRO for Business	By end of November
3. CPCA will ensure that business plans are in place for each of its subsidiary companies and ensure that these business plans (and business cases where relevant) are being reviewed and updated periodically, in line with each company's Shareholder Agreement. (High)	Subsidiary company Boards (SRO for each)	By end of Feb 2023
4. CPCA will ensure that risk registers are in place for all current and future operational subsidiary companies and will establish a standard approach to risk management. (Medium)	Head of PMO	By end of November
5. CPCA will establish a clear governance, reporting and oversight structure for its existing subsidiary companies. As part of this structure, the methods by which the Overview and Scrutiny Committee and the Audit and Governance Committee will fulfil their responsibilities in relation to these subsidiary companies will be established and implemented. (High)	Interim DMO and Interim Head of Governance	By end of Feb 2023



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Subsidiary Company Governance

Final Internal Audit Report: 11.21/22

8 September 2022

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

1. EXECUTIVE SUMMARY

Why we completed this audit

An audit of Subsidiary Company Governance was undertaken as part of the Cambridgeshire and Peterborough Combined Authority's (CPCA's) approved Internal Audit Plan for 2021/22. The purpose of this review was to allow the Combined Authority to take assurance that appropriate governance arrangements are in place to monitor, manage and support its subsidiary companies, including the reporting and escalation of matters to the CPCA for oversight and scrutiny.

Over recent years, CPCA has set up several wholly or partly owned subsidiary companies with the purpose of providing greater flexibility in how CPCA can operate in their respective areas. The following four active operational subsidiary companies are currently in place:

- Cambridgeshire and Peterborough Business Growth Company Limited – established to manage the CPCA's growth service and delivery fund, including the business growth, inward investment and skills services.
- Peterborough HE Property Company Limited – responsible for managing projects to build the first and second teaching buildings for a new university in Peterborough, as well as an interactive science centre (Living Lab).
- Peterborough R&D Property Company Limited – overseeing the project to construct and then manage a Manufacturing and Materials Research & Development Centre as part of the new university site.
- Angle Developments (East) Limited – to engage in housing delivery programmes via direct market intervention when specific opportunities are identified.

In addition, Angle Holdings Limited has been established by the CPCA to act as a holding company and shareholder for Angle Developments (East) Limited. However, both these companies are expected to become dormant during 2022, due the government withdrawing funding for the CPCA housing programme, which both of these companies were established to support the delivery of. The CPCA also has another subsidiary company, One CAM Limited, however, this is in the process of being made dormant, and as such has not been considered as part of this audit.

Each company has a Board of Directors in place to oversee its operations and monitor its financial performance, with the governance arrangements for each company defined within their respective Shareholder Agreement, including protected matters requiring shareholder approval.

Conclusion

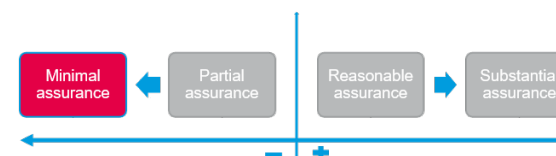
Our review identified significant issues requiring management attention, including a lack of operational and financial performance reporting from the subsidiary companies to the CPCA, and a lack of oversight from the CPCA regarding the operations of its subsidiaries. In addition, evidence was not provided during the audit to confirm that the business plans of subsidiary companies were being subject to regular review by the CPCA in line with Shareholder Agreements, whilst for one subsidiary, evidence of an initial business plan was not provided.. Furthermore, we identified issues with the risk registers for the CPCA's operational subsidiary companies, including a lack of separation between planned actions and implemented controls, and a lack of specific and measurable actions. We were also unable to confirm that a Programme Management Committee had been established for the Business Growth Company, as required by its Shareholders Agreement.

We did, however, confirm that the Boards of each subsidiary company were meeting at the frequencies required per their Shareholder Agreements, and were reviewing progress and financial performance reports. We also confirmed that Shareholder Agreements were in place for each company, detailing their main governance arrangements including schedules of protected matters requiring shareholder approval, and we were provided with examples demonstrating compliance with these schedules, although signed copies of these Agreements could not be provided during the audit to confirm their existence. We also confirmed that the CPCA had arranged for company secretarial support to be provided to its subsidiary companies during 2022/23 by an external provider, with this support including governance and regulatory support, as well as training for the Directors of the companies.

Internal audit opinion:

Taking account of the issues identified, the Combined Authority can take minimal assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified area(s).



Key findings

We identified the following weaknesses which resulted in the agreement of two high and three medium priority management actions:



Committee Oversight and Company Reporting

We noted that the Overview and Scrutiny Committee and the Audit and Governance Committee had been identified as key committees with responsibility for monitoring and scrutinising the CPCA's management of its subsidiary companies, with these responsibilities agreed and documented within Terms of Reference. However, we noted that neither Committee had fully established the nature and frequency of reporting which they would need to receive to fulfil these responsibilities, whilst both Committees were yet to receive reports regarding the subsidiary committees and the CPCA's management of these. It should be noted however that this report is one form of assurance that the Audit and Governance Committee were expecting to receive in relation to subsidiary companies, and that the Committee is aware of the need to identify how they would discharge their responsibilities in relation to subsidiary companies.

Furthermore, we noted that the CPCA had not received any performance or finance related reports from four of its five subsidiaries during 2021/22, and the expected reporting from these companies had not been properly established within their Shareholder Agreements.

We also noted that the Business Growth Company had not provided the CPCA with financial performance information since June 2021, despite the Shareholder Agreement stating that this should be provided quarterly, and we also found that the company was not providing monthly highlight reports to the CPCA, as required by its Shareholder Agreement.

Without appropriate processes in place for the CPCA to scrutinise the management and performance of its subsidiary companies, as well as its own governance arrangements in relation to the companies, there is a greater risk that the CPCA will fail to achieve the desired goals from its investments in these companies. **(High)**



Company Business Plans

Whilst Angle Developments (East) Limited had not actively traded since its incorporation, no evidence was provided to demonstrate that an initial business plan had been developed for the company when it was established. As such, there is a risk that consideration was not given to the purpose, strategy and financial viability of this company during its formation..

Of the remaining three companies, we confirmed that business plans were in place for Peterborough R & D Property Company Ltd and the Business Growth Company, and for Peterborough HE Property Company Limited, two project business cases were in place instead of a company business plan, due to the company being created to specifically deliver these projects.

However, no evidence was provided during the audit to confirm that the business plans and business cases (acting as business plans) were being reviewed by the CPCA each quarter, as required by the respective Shareholder Agreements. If business plans are not subject to regular review, there is a risk that companies may fail to identify changing objectives, new market conditions, and emerging opportunities. **(High)**



Shareholder Agreements

We confirmed that shareholder agreements were in place for all five of the CPCA's current subsidiary companies, including Angle Holdings Limited, which defined the main governance arrangements for each company, such as the process for appointing and removing of directors, and shareholder protected matters requiring approval from the CPCA before being carried out by each company. However, we were not provided with signed versions of the agreements.

If shareholder agreements are not signed, with signed copies retained, there is a risk that the CPCA will be unable to enforce these agreements and hold the company or other shareholders to account where these are not complied with. **(Medium)**



Company risk management

Angle Developments (East) Limited had not actively traded since its incorporation, and as such did not require an up-to-date risk register. With regards to the CPCA's three other operational subsidiary companies, we confirmed that each had a risk register in place, however, we noted that none separated implemented controls from planned actions, and included actions which were not specific or measurable, whilst we also noted that one of the registers included risks where key information such as risk and action owners had not been documented.

If comprehensive and fully complete risk registers are not in place, which include clear and measurable actions distinct from implemented controls, there is a greater likelihood of risks being managed and mitigated ineffectively, increasing their potential impact on the relevant company. **(Medium)**



Business Growth Company – Programme Management Committee

Evidence was not provided during the audit to confirm that a Programme Management Committee was in place for the Business Growth Company, as required by its Shareholders Agreement, or that such a committee was meeting periodically to support the Business Growth Company Board in delivering its strategic objectives.

As such, there is a risk that the company may fail to achieve its purpose and objectives, due to a lack of management oversight of and support for the company Board. **(Medium)**

We noted the following controls to be adequately designed and operating effectively:



Company Board Meetings

We were advised by the Interim Governance Officer that the Boards of Angle Developments (East) Limited and Angle Holdings had not held ordinary meetings during 2021/22, as both companies had undertaken minimal business activity during 2021/22, due to the withdrawal of government funding for the CPCA's housing programme, which both companies had been established to help deliver. They advised us that these companies were expected to become dormant later in 2022, and as such we did not undertake testing regarding their Board meetings.

For the remaining three subsidiary companies of the CPCA, we reviewed the minutes and papers of the last three Board meetings and confirmed that each meeting had been quorate, and that the Board of each company was meeting at the frequency required per its Shareholder Agreement. In addition, we noted that the Board for each company had reviewed financial and operational or project performance reports at each meeting, with consideration also given to any potential conflicts of interest or matters requiring shareholder approval.



Support Arrangements

We confirmed that a signed contract was in place between the CPCA and Trowers & Hamblins LLP for the provision of company secretarial support to the CPCA's five subsidiary companies during the 2022/23 financial year. We noted that this contract included the provision of a range of governance and regulatory support to each company, including preparation and distribution of meeting minutes and papers, preparing and making Companies House and statutory filings, and monitoring of compliance with Shareholder Agreements.



Directors Training

Through review of the contract between the CPCA and Trowers & Hamblins LLP for the provision of company secretarial support to the CPCA's five subsidiaries during 2022/23, we noted that this support included the provision of two training sessions to Directors of these companies by Trowers & Hamblins LLP, covering conflicts of interest, assessment of strategic risks and the key duties of company directors.



Protected Matters

We confirmed through review of the Shareholder Agreements for the CPCA's five subsidiary companies that in each case, the Agreement included a schedule of protection matters, detailing actions which each company could only undertake after receiving approval from its shareholders, such as issuing shares or changing company name. We were provided with examples demonstrating that the CPCA's subsidiaries were complying with these schedules and obtaining CPCA Board approval prior to taking actions considered to be protected matters, such as when Angle Holdings and the Business Growth Company changed their directors in July and November 2021 respectively.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Shareholder Agreements				
Control	Shareholder agreements are in place for each of the CPCA's subsidiary companies, detailing each company's key governance arrangements including the process by which directors are to be appointed and removed and protected matters for which CPCA approval is required. However, signed copies of these agreements have not been retained by the CPCA or its subsidiaries.	Assessment: Design Compliance	×	N/A
Findings / Implications	<p>Through review of the shareholder agreements for all five of the CPCA's currently active subsidiary companies, we confirmed that they detailed the main governance arrangements for each company including process for appointing and removing of directors, the need for a company Board to be established, the required meeting frequency and quoracy requirements of this Board, and processes for managing conflicts of interest.</p> <p>However, we noted that the copies of each company's shareholder agreement provided during the audit were unsigned, with no evidence provided to demonstrate that signed versions of these agreements were in place for each company.</p> <p>If shareholder agreements are not signed, with signed copies retained, there is a risk that the CPCA will be unable to hold subsidiary companies and their Boards, or other shareholders, to account in instances where they have not complied with these agreements, and this may also affect the ability of the CPCA to enforce the agreements via legal action.</p>			
Management Action 1	The CPCA will ensure that shareholder agreements for all of its current and future subsidiary companies are signed by the company's directors, all shareholders, and any other required parties, with signed copies of the agreements retained by the CPCA, and stored digitally within a readily accessible central location.	Responsible Owner: Interim Deputy Monitoring Officer	Date: 1) Agreements to be reviewed by 30 September 2022 2) Agreements to be updated and signed by 31 October 2022	Priority: Medium

Business Growth Company – Programme Management Committee

Control	The Business Growth Company's Shareholders Agreement states that the Company is required to establish a Programme Management Committee, which is required to meet monthly to support the Growth Company's Board in delivering the business rebound and growth services. The membership and quoracy of the Committee are described within the Shareholder Agreement, which also states that an approved Terms of Reference must be established for the Committee.	Assessment:	
		Design	✓
		Compliance	×
Findings / Implications	<p>Despite multiple requests, no evidence was provided during the audit to confirm that a Programme Management Committee was in place for the Business Growth Company, or that the purpose, reporting requirements and decision-making authority of this Committee had been documented within an approved TOR. In addition, no evidence was provided to confirm that such a committee was meeting monthly to support the Business Growth Company Board in delivering its strategic objectives.</p> <p>Without these controls in place, there is a risk that the company may fail to achieve its key objectives, due to a lack of management oversight.</p>		
Management Action 2	<p>A Programme Management Committee will be established for the Business Growth Company, with a terms of reference documented and approved for the Committee, covering key information such as the Committee's purpose, standing agenda items, reporting requirements and decision-making authority.</p> <p>Following this, the Committee will meet monthly to support the work of the company Board, as required by the Shareholder Agreement, with meeting minutes maintained to evidence the discussion held at these meetings.</p>	Responsible Owner:	Date:
		Senior Responsible Owner for the Business Growth Company	30 November 2022
			Priority:
			Medium

Company Business Plans

Control	<p>Each subsidiary company of the CPCA is required to have a business plan, as stated in their Shareholder Agreements, to outline the strategy, objectives and financial projections for the company. The exception to this is Angle Holdings, which acts as a holding company for Angle Developments (East) Limited and does not carry out its own operations.</p> <p>Three of the CPCA's operational subsidiaries have a business plan in place, or equivalent business cases where the company's sole focus is on delivery of projects. However, these business plans/business cases are not being reviewed and updated by the CPCA or shared with other shareholders in line the requirements of each company's Shareholder Agreement. The remaining subsidiary is not actively trading, although no initial business plan was developed at incorporation.</p>	<p>Assessment:</p> <p>Design ×</p> <p>Compliance N/A</p>
Findings / Implications	<p>Angle Developments (East) Limited had not actively traded since its incorporation, and so did not require an up-to-date business plan. However, no evidence was provided to confirm that an initial business plan had been developed for this company when it was established. As such, there is a risk that appropriate consideration was not given to the purpose, strategy and financial viability of this company.</p> <p>Of the remaining three companies, we confirmed that business plans were in place for Peterborough R & D Property Company Ltd and the Business Growth Company, last updated in April 2021 and June 2022 respectively. Through review of these, we confirmed that the plans included key information such as the vision and purpose of the company, its goals and objectives and financial projections, and that the objectives and goals within the business plans were aligned to the objectives of the CPCA business plan, such as the building of human capital and innovation.</p> <p>In the final case, we noted that Peterborough HE Property Company Limited had two project business cases in place instead of a company business plan. We noted that this was due to the nature of the company, with this company solely focused on the delivery of these two projects. Whilst these did not constitute a business plan, we noted that the business cases covered key information expected within a business plan such as the purpose of the company and its projects, the planned output from the company, the need for the project and company, and financial projections. We did also note that the goals stated within the business cases were aligned to those of CPCA business plan, including the building of human capital and reducing inequality.</p> <p>However, no evidence was provided during the audit to confirm that the business plans and business cases (acting as business plans) were being reviewed by the CPCA each quarter, with updates shared with other shareholders for acceptance, as required per the Shareholder Agreement for both companies. We did, however, confirm that the business plan for Peterborough R & D Property Company Ltd had been presented to the CPCA for review and approval in May 2021 following revisions to the planned operating model, with this approved via Mayoral Decision Notice, and that an updated version of the Business Growth Company's business plan was due to be presented to the CPCA Board in September 2022.</p>	

If business plans are not subject to regular review, there is a risk that companies may fail to identify changing objectives, new market conditions, and emerging opportunities.

**Management
Action 3**

The CPCA will ensure that business plans are in place for each of its current and future subsidiary companies, including key information such as the company's purpose, output, the need which the company serves, financial projections, and the company's management structure.

Where companies are project focused, the CPCA will consider whether business cases fulfil the role of a business plan, or whether a separate plan is required.

Furthermore, the CPCA will ensure that these business plans (and business cases where relevant) are being reviewed and updated periodically, in line with each company's Shareholder Agreement.

Responsible Owner:

Board/Senior Responsible Owner for each subsidiary company

Date:

28 February 2023

Priority:

High

Company Risk Management

Control	<p>The CPCA has not established a standard approach to risk management for its subsidiary companies, included the expected content of registers and minimum review periods.</p> <p>In addition, whilst the registers for the subsidiary companies are subject to regular review and include key content such as the effect of risks, current risk ratings and risk owners, they do not include elements of best practice such as a separation of current and planned controls, or specific and measurable actions.</p>	Assessment:	
		Design	x
		Compliance	N/A
Findings / Implications	<p>We confirmed through review that a risk register was in place for three of the CPCA's four operational subsidiary companies, with these registers either maintained by the company itself, or maintained by the project management company overseeing the project which the company had been established to deliver, with the risks affecting the company covered as part of the register. For the remaining subsidiary, Angle Developments (East) Limited, an up to date risk register was not maintained as the company had not actively traded since its incorporation, although no evidence was provided to demonstrate the consideration of strategic risks during the establishment of the company.</p> <p>For the three companies with risk registers in place, we confirmed that the risk register for each company was being regularly reviewed and updated, with these reviewed at company board meetings, as well as quarterly risk workshops organised by the project management company for two of the three companies. We also noted that the risk registers for all three companies used a similar format to that of the CPCA Corporate Risk Register, and that each incorporated a risk scoring methodology which was the same as or more advanced than the methodology detailed within the CPCA Risk Management Strategy.</p> <p>However, whilst the risk registers included key information such as the current risk score, the cause and effect of risks and risk owners, as well as action owners and target completion dates for mitigating actions, we noted that none of the three risk registers included a clear separation between the mitigating controls in place, and the further actions required to mitigate each risk. We also identified several instances across all three risk registers where the mitigating action detailed on the register did not clearly specify the planned control and was not easily measurable. If clear and measurable actions are not identified, which are clearly distinct from implemented controls, there is a greater likelihood of risks not being mitigated to an acceptable level, increasing the potential effect of the risks if they materialise.</p> <p>Furthermore, whilst we noted that all required information had been documented for each risk on two of the three risk registers, in the final case, we identified risks where key information such as the risk owners, actions owners, and target completion dates had not been documented. Where this information is not consistently documented for each risk, this could lead to ineffective risk management.</p>		
Management Action 4	The CPCA will ensure that risk registers are in place for all current and future operational subsidiary companies and will establish a standard approach to risk management for these companies including the expected content to be	Responsible Owner: Head of the Project Management Office	Date: 30 November 2022 Priority: Medium

included in the risk registers and a minimum frequency for reviewing and updating risk registers.

Where risk registers are maintained by external project management companies, the CPCA and its subsidiaries will liaise with the management companies to ensure that this approach is followed at a minimum where possible.

As part of this, the CPCA will ensure that its subsidiary companies are documenting all required information for each risk, and that the risk registers include a clear distinction between implemented controls and planned actions, as well as specific and measurable actions.

Committee Oversight and Company Reporting

Control	<p>The CPCA has identified two Board sub-committees with responsibility for overseeing and scrutinising its investments in its subsidiary companies. Firstly, the Overview and Scrutiny Committee is expected to review the appointments and management structures of the companies and hold the Board to account in relation to them, to uphold the CPCA's best interests. In addition, the Audit and Governance Committee is required to assist the CPCA in monitoring the activity of its companies, including challenging financial information provided by the companies and challenging the CPCA's governance arrangement regarding its subsidiary companies.</p> <p>However, whilst these responsibilities have been documented and formally agreed by the two Committees, a clear method to fulfil these responsibilities has not yet been established, with the Committee not yet receiving reports on the CPCA's subsidiary companies.</p> <p>Furthermore, the CPCA has not established clear reporting requirements with each of its subsidiary companies as part of their shareholder agreements, except for its Business Growth Company, and the Business Growth Company is the only current subsidiary company which provides regular performance reports to the CPCA.</p>	<p>Assessment:</p> <p>Design ×</p> <p>Compliance N/A</p>
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Findings / Implications	<p>Committee Oversight</p> <p>We confirmed through review that Terms of Reference had been documented for both the Audit and Governance Committee (AGC) and the Overview and Scrutiny Committee, detailing their responsibilities for monitoring and scrutinising the CPCA's management of its subsidiary companies, as well as the structure and finances of these companies. Through review of meeting minutes, we confirmed that the Terms of Reference (ToR) had been reviewed and approved by each respective Committee during 2021/22, indeed the AGC had resolved not to accept the initial revised ToR and requested further revisions by Officers.</p> <p>However, we noted that neither of the Committees had yet received reports regarding the management or performance of the CPCA's subsidiary companies or had fully identified how they would monitor the management of these companies, including the frequency and required content of reporting to the Committees. The AGC were, however, aware of the need to identify how they would discharge their responsibilities in relation to subsidiary companies, incorporating best practice from other combined authorities and councils, and indeed were aware that this internal audit review would provide an element of coverage and assurance to the Committee.</p> <p>There is a risk that the management of the companies by the CPCA and their financial performance may not be subject to appropriate scrutiny, which could result in key issues not being identified, such as the issues identified in relation to reporting from the subsidiary companies detailed below.</p> <p>Company Reporting</p> <p>We reviewed the Shareholder Agreements for the CPCA's five existing subsidiary companies and noted that the Agreements for the Peterborough HE Property Company and Peterborough R&D Property Company did not include any requirements for these companies to</p>
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provide financial or operational reports to the CPCA, although it was stated that the CPCA was entitled to receive monthly management accounts and operating information. In addition, we noted that the Shareholder Agreements for Angle Developments (East) and Angle Holdings only detailed the financial reports which each company was required to provide to the CPCA, with no reference made to the provision of operational information or KPI data. If reporting requirements are not clearly defined for each company, there is a greater risk of these companies failing to provide the CPCA with appropriate financial and operational performance information needed to monitor their investment in each company.

We noted that this was currently the case for all four companies where reporting requirements were not fully defined, as the CPCA Board and its sub-committees had not received any financial or operational performance reports from the four companies during 2021/22, although in two of these four cases we noted that the company had been engaged in minimal business activity due to withdrawal of government funding for the CPCA's housing programme.

With regards to the final company, the Business Growth Company we noted that its shareholder agreement clearly defined the reports which the company was required to provide to the CPCA, including monthly highlight reports, bi-monthly progress updates to the Business Board and Skills Committee, quarterly financial reports, and half yearly performance updates to the CPCA Board. However, whilst we confirmed that the Growth Company was providing operational performance reports to the CPCA Board every six months, detailing the company's performance against KPI's, we noted that these reports were being provided to the Business Board and Skills Committee quarterly, rather than bi-monthly as required. We also noted that no financial performance information for the company had been reported to the CPCA since June 2021, and the CPCA was also not receiving monthly highlight reports from the company.

If appropriate financial and operational performance reports are not regularly received from the CPCA's subsidiary companies, with these reports reviewed by an appropriate sub-committee of the Board, there is a risk that the CPCA will be unable to identify any significant operational or financial issues regarding its investment in these companies.

**Management
Action 5**

The CPCA will establish a clear governance, reporting and oversight structure for its existing subsidiary companies. This will include the operational and financial performance reports which each company is required to submit to the CPCA, the required reporting frequency, and the forums responsible for scrutinising these reports.

As part of this structure, the methods by which the Overview and Scrutiny Committee and the Audit and Governance Committee will fulfil their responsibilities in relation to these subsidiary companies will be established and implemented.

Following this, the CPCA will ensure that reporting occurs in line with the structure and the required reporting frequencies for all companies and committees, with similar reporting requirements and governance processes established for all future subsidiary companies.

Responsible Owner:

Interim Deputy Monitoring Officer and
Interim Head of Governance

Date:

28 February 2023

Priority:

High

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*		Non-Compliance with controls*		Agreed actions		
					Low	Medium	High
Subsidiary Company Governance	4	(8)	1	(8)	0	3	2

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

1.1 Objectives and risks relevant to the scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following area:

The internal audit assignment has been scoped to provide assurance on how the CPCA manages the following areas(s):

Objective of the area under review	Risk under review	Source
To ensure appropriate governance arrangements are in place to monitor, manage and support the subsidiary companies of the Combined Authority.	Risk ID 6: Lack of structural resilience / insufficient internal resources	Strategic Risk Register

1.2 Scope of the review

Over recent years, the Combined Authority has set up a number of wholly owned subsidiary companies with the purpose of providing greater flexibility in how CPCA can operate in their respective areas.

The objective of the review, is to assess the governance arrangements in place to monitor, manage and support the subsidiary companies of the Combined Authority. This will include consideration over governance approaches adopted within the subsidiaries, formation and formalisation of roles and responsibilities and how matters are escalated / reported through to the CA for due oversight, challenge and scrutiny.

Areas for consideration:

- We will consider how the responsibilities of the respective Boards and sub-committees with respect to the Subsidiary Companies have been documented and whether these are being met and whether they provide consistent oversight of the Subsidiary Companies.
- We will consider whether the Subsidiary Companies have formal governance arrangements in place including Boards and whether these are supported by clear Terms of References which outline key areas including their purpose and reporting requirements/structures.
- We will consider whether any core training has been provided to members and key officers of the Subsidiary Companies.
- We will assess the compliance with the governance arrangements outlined within the Terms of References in place for Boards and sub-committees with respect to the Subsidiary Companies (such as coverage of the standing agenda items, declarations of interest, quoracy and escalation).
- We will review the subsidiary company business plans and assess whether the plans/ objectives are congruent with those of the Combined Authority.
- We will complete a high level of review of the risk management protocols in place within each subsidiary and assess whether these align with the approach taken by the Combined Authority. We will also consider compliance against these risk management protocols.
- The relationship between the Subsidiary Companies and the CA and the level of reporting between the two to ensure that matters are escalated/reporting (including financial and performance information) through to the CA for due oversight challenge and scrutiny.

- We will consider the service and support arrangements provided to the companies and consider whether they are adequate to maintain compliance with regulatory requirements specifically in relation to governance and management.

The following limitations apply to the scope of our work:

- The review does not constitute any analysis of the forecasts provided by the companies and therefore we are not providing assurance on the accuracy of the year to date and year end position presented within financial reports
- No substantive testing was undertaken to confirm the presence of conflicts in meetings unless these had been declared in the minutes of subsidiary board meetings.
- The results of our work are reliant on the quality and completeness of the information provided to us.
- We will not confirm the appropriateness of the structures in place within the Subsidiary Companies or the CA to support the Subsidiary Companies.
- We do not confirm whether each Board had the appropriate number of directors in line with requirements of Company Law or Companies House.
- We will not comment on the suitability of agreed budgets, nor provide assurance that the Companies will deliver against budgets.
- We will also not consider the level of reserves, financial sustainability or value for money as part of this review.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held	1 June 2022	Internal audit Contacts	Daniel Harris, Head of Internal Audit daniel.harris@rsmuk.com 07792 948767
Draft report issued	6 July 2022 and 21 July 2022		
Responses received	21 July 2022 8 September 2022		Anna O'Keeffe, Senior Manager Anna.O'Keeffe@rsmuk.com 07917 462007
Final report issued	8 September 2022		
		Client sponsors	Robert Parkin, Chief Monitoring Officer
		Distribution	Robert Parkin, Chief Monitoring Officer

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 UK 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 UK 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 UK 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.

ANALYSIS OF SUBSIDIARY COMPANY SHAREHOLDER AGREEMENTS RELATED TO ACTIONS REQUIRED OF THE COMPANY TO THE COMBINED AUTHORITY AND VICE-VERSA

CAMBRIDGESHIRE & PETERBOROUGH BUSINESS GROWTH COMPANY LIMITED (GROWTH Co.)

Type of decision/role within the Shareholder Agreement	CPCA and/or Growth Co. Action
Each Subsidiary shall send a revised version of the then current Business Plan to the Combined Authority not less than once per calendar year and invite the Combined Authority to provide comments on the proposed Business Plan or to provide their written consent to the adoption of the revised Business Plan. The Combined Authority will respond to the Subsidiary on the proposed Business Plan as soon as reasonably practicable (and in any event within three months) following receipt. Subject to the receipt of the written consent of the Combined Authority before the end of each accounting period, the relevant Board shall (in accordance with the Shareholder Agreement) adopt such revised Business Plan. No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received the prior written consent of the Combined Authority.	Both

MONITORING AND REPORTING

Type of decision/role within the Shareholder Agreement	CPCA and/or Growth Co. Action
Quarterly financial reports including management accounts, profit and loss, balance sheet, cash flow and forecast within one month of the end of each financial quarter	Growth Co.

Type of decision/role within the Shareholder Agreement	CPCA and/or Growth Co. Action
Unaudited accounts within one month of the end of the Financial Year	Growth Co.
Annual audited accounts within three months after the end of that Financial Year;	Growth Co.
<p>Within 10 Business Days of a written request by the Combined Authority:</p> <p>(a) copies of Board meeting minutes;</p> <p>(b) explanations and data (in the format specified by the Combined Authority) needed for its own accounting purposes and to enable production of group accounts;</p> <p>(c) information and data relating to company performance against key performance indicators;</p>	Growth Co.
The Combined Authority and its authorised representative(s) shall have the right, on giving to the company reasonable notice, and during normal business hours, to inspect the accounts, books and all financial and all other records of the company; and any other information reasonably required by the Combined Authority.	Growth Co.
The Chair of Growth Co. shall report on its activities as follows:	Both

Type of decision/role within the Shareholder Agreement	CPCA and/or Growth Co. Action
(a) at least every two months to each of the Combined Authority's Business Board and the Combined Authority's Skills Committee; and (b) at least every six months to the Combined Authority Board.	

CONSENT MATTERS

Type of decision/role	Column (1) CPCA
Vary, in any respect, the Articles of any company or the rights attaching to any of its shares	CPCA Consent required
permit the registration (upon subscription or transfer) of any person as a member other than the Combined Authority in accordance with the terms of this Agreement and/or any permitted transferees	CPCA Consent required
increase the amount of its issued share capital except as provided in this Agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital	CPCA Consent required
issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital	CPCA Consent required
entering into any Finance Documents	CPCA Consent required

Type of decision/role	Column (1) CPCA
make any borrowing other than under the Finance Documents	CPCA Consent required
apply for the listing or trading of any shares or debt securities on any stock exchange or market	CPCA Consent required
pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent)	CPCA Consent required
engage in any business other than as contemplated by the Business Growth Service Full Activities Case, Business Plan (as applicable) or set out in its objects (or as is incidental thereto) or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business	CPCA Consent required
provide grants, equity investments or form any subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not) other than as contemplated by the Business Growth Service Full Activities Case, Business Plan (as applicable) or set out in its objects (or as is incidental thereto)	CPCA Consent required
close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, or dispose of any material asset other than as contemplated by the Business Growth Service Full Activities Case, Business Plan (as applicable) or set out in its objects (or as is incidental thereto)	CPCA Consent required
declare or pay any dividend	CPCA Consent required
amalgamate or merge with any other company or business undertaking	CPCA Consent required

Type of decision/role	Column (1) CPCA
alter its name or registered office	CPCA Consent required
enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement	CPCA Consent required
enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms	CPCA Consent required
create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than: pursuant to the Finance Documents; liens arising in the ordinary course of business; or any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business	CPCA Consent required
adopt or amend its Business Plan (as applicable)	CPCA Consent required
change either: its statutory auditors; or its Financial Year end	CPCA Consent required

Type of decision/role	Column (1) CPCA
make or permit to be made any material change in the accounting policies and principles adopted in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the CA 2006 or any other generally accepted accounting principles in the United Kingdom	CPCA Consent required
make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading)	CPCA Consent required
give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan (as applicable)	CPCA Consent required
factor or assign any of its book debts	CPCA Consent required
establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees	CPCA Consent required
establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family	CPCA Consent required
appoint or dismiss any Director, or enter into any service contract terms of appointment or other agreement with a Director	CPCA Consent required

Type of decision/role	Column (1) CPCA
agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any Director	CPCA Consent required
agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of employee, officer or consultant where the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) would exceed £100,000	CPCA Consent required
institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or where the Value of such claim is reasonably believed to be less than £10,000 instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan (as applicable)	CPCA Consent required
make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan (as applicable)	CPCA Consent required
any variation, change, waiver or amendment to shareholders agreement	CPCA Consent required

Type of decision/role	Column (1) CPCA
in relation to the Gateley Services Contract: launching a material claim/legal action; or conducting a dispute resolution process and agreeing to final decision	CPCA Consent required

PETERBOROUGH HE PROPERTY COMPANY LIMITED (PROPCO1)

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
CPCA shall procure that the CPCA Directors shall each deliver to PropCo1 a duly signed Letter of Appointment	CPCA
CPCA shall have the right to appoint and maintain in office up to two CPCA Directors to the Board. At all times during the continuance of this Agreement there shall be at least two people appointed to the Board by CPCA and maintained in office as a Director of PropCo1.	CPCA

BUSINESS PLAN AND FINANCIAL REPORTING

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
<p>CPCA will be responsible for carrying out a formal review of the Business Plan within 15 days of:-</p> <ul style="list-style-type: none"> the end of each Quarter following the date of the Shareholder Agreement on the occurrence of an Update Trigger. <p>Within 30 days following such formal review, CPCA (in accordance with the Development Management Agreement) shall finalise and circulate the revised Business Plan to the Shareholders, unless CPCA's formal review concluded that the then current Business Plan remained appropriate (in which case, CPCA shall inform the parties thereof within 30 days following such review). If CPCA fails to do so, any Shareholder may circulate an updated, revised Business Plan to the other Shareholders for approval.</p>	CPCA
CPCA shall prepare and thereafter, as appropriate, update or confirm that the Initial Cash Flow Model continues to accurately reflect the financial position of PropCo1	CPCA

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
<p>concomitantly when carrying out its formal review of the Business Plan, as above.</p> <p>If CPCA is not able to confirm that the Initial Cash Flow Model continues to accurately reflect the then current financial position of PropCo1 when any such circumstances arise (a "Failure to Confirm"), then CPCA will update the Initial Cash Flow Model in accordance with this Clause.</p> <p>No more than 30 days following a Failure to Confirm CPCA shall (in accordance with the Development Management Agreement) finalise and circulate an updated revised Cash Flow Model to the Shareholders.</p> <p>The Parties shall procure that CPCA maintains a log of changes reflected in the Cash Flow Model (from the Initial Cash Flow Model and each subsequent iteration of the Cash Flow Model) will be maintained and provided to PropCo1 with each submission of a revised Cash Flow Model.</p>	
<p>Model Audit</p> <p>If requested by the Shareholders, CPCA shall instruct a suitably qualified professional, whose identity will be subject to unanimous approval by the Board, to undertake a model audit of the Cash Flow Model (and supporting input sheets as agreed between the Parties). CPCA shall share copies of such model audit with the other Shareholders as soon as it becomes available.</p>	CPCA
<p>Cost-to-Complete Report</p> <p>If requested by the Shareholders, CPCA will instruct an appropriately qualified professional to complete a Cost-to-Complete Report each month in a form agreed by all</p>	CPCA

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
the Shareholders in relation to each Property where works have commenced until the completion of development activities on such Property. CPCA shall share copies of such Cost-to-Complete Report with the other Shareholders as soon as it becomes available.	

SHAREHOLDER PROTECTION MATTERS

Shareholder Protection Matter		CPCA
1. SPECIAL RESOLUTION MATTERS		
1.1 Passing any resolution for PropCo1 which the Act prescribes to be passed by way of special resolution (as the same is defined by section 283 of the Act).		Yes
2. PROPCO CAPITAL		
2.1 Issuing or allotting any shares in PropCo1		Yes
2.2 Issuing, granting or consenting to the assignment of options over any Shares in PropCo1.		Yes
2.3 Creating any rights to convert other securities into shares in any PropCo1		Yes

Shareholder Protection Matter		CPCA
2.4	Consolidating, sub-dividing, converting, cancelling or otherwise altering any of the rights attached to any of the issued shares (or any class of shares) in PropCo1.	Yes
2.5	Reorganising the share capital of PropCo1.	Yes
2.6	Purchasing (save as required or permitted under the Articles) or redeeming any shares in PropCo1.	Yes
2.7	PropCo1 repaying any amounts standing to the credit of any share premium account or capital redemption reserve or other surplus or reducing any uncalled liability in respect of partly paid shares.	Yes
2.8	PropCo1 creating any borrowings or other indebtedness or obligation in the nature of borrowings (including obligations pursuant to any debenture, bond, note, loan, stock or other security and obligations pursuant to finance leases) which exceeds £10,000	Yes

Shareholder Protection Matter		CPCA
2.9	PropCo1 creating any Encumbrance (or allowing one to subsist) over all or any part of the business, undertaking, property or assets of PropCo11 and PropCo1 issuing, granting or consenting to the assignment of options over any debentures or other securities.	Yes
3.	PropCo1 giving any guarantee, indemnity, security or letter of comfort in respect of the obligations of any other person involving a potential liability that exceeds £10,000.	Yes
3.1	Declaring or paying any distribution in respect of profits, assets or reserves or in any other way reducing the reserves of PropCo1.	Yes
3.2	Approving the retention of profits of PropCo1 for working capital purposes.	Yes
4.	PROPCO BUSINESS	
4.1	PropCo1 expanding, developing or evolving the Business.	Yes
4.2	PropCo11 acquiring, or investing in, another business or company.	Yes

Shareholder Protection Matter		CPCA
4.3	Entering into or participating in any joint venture, partnership or other profit-sharing arrangement with any person (or making any amendment or variation to any such arrangement after it has been approved).	Yes
4.4	Otherwise than in accordance with this Agreement, PropCo1 materially altering or in any way disposing of (whether through amalgamation, merger, consolidation, sale, transfer, entry into a lease or licence, or otherwise) all or a substantial part of the Business, undertaking, property or assets of PropCo1, whether by a single transaction or series of transactions, related or not, and whether by way of sale of assets or some other arrangement.	Yes
4.5	PropCo1 entering into any transaction or arrangement outside of the ordinary course of the Business, or making any amendment or variation to any such transaction or arrangement after it has been approved.	Yes
4.6	PropCo1 entering into:	

Shareholder Protection Matter		CPCA
4.6.1	any contract, liability or commitment (including capital expenditure) which exceeds £10,000;	Yes
4.6.2	any contract, liability or commitment (including capital expenditure) which exceeds ten (10) per cent of the aggregate budgeted expenditure of PropCo1 and PropCo1 Subsidiaries for the relevant Financial Year; or	Yes
4.6.3	any series of connected contracts, liabilities or commitments (including capital expenditure) which in aggregate exceed ten (10) per cent of the aggregate budgeted expenditure of PropCo1 and PropCo1 Subsidiaries for the relevant Financial Year.	Yes
4.7	The commencement of any winding up or dissolution of PropCo1, or of the appointment of any liquidator or administrator in respect of PropCo11, save as expressly contemplated by this Agreement or as required by Law.	Yes

Shareholder Protection Matter		CPCA
4.8	Making any variation to the Business Plans	Yes
4.9	Making any material amendments to the Agreed Form Approved Design	Yes
5.	RELATED PARTY TRANSACTIONS	
5.1	PropCo1 entering into, terminating or varying (except for minor variations unlikely to have a material impact on PropCo1) any contract, terms, material transaction or other arrangement (whether legally binding or not and, for the avoidance of doubt, including any Project Agreement) with:	
5.1.1	any Shareholder;	Yes
5.1.2	any member of a Shareholder's Group; or	Yes
5.1.3	any person connected with a Shareholder or a member of a Shareholder's Group.	Yes

Shareholder Protection Matter		CPCA
5.2	The amendment of any fee payable by PropCo1 (except for minor variations unlikely to have a material impact on PropCo1) under a contract (including, for the avoidance of doubt, any Project Agreement) with any Shareholder, any member of a Shareholder's Group or any person connected with a member of a Shareholder of a Shareholder's Group.	Yes
5.3	PropCo1 entering into any transaction, paying any management charges (or any other payment whether gratuitous or in consideration of past or future services) or assuming any liability or obligation, in each case for the direct or indirect benefit of any of the Directors or any of the Shareholders or any member of a Shareholder's Group other than as expressly provided in this Agreement, in each case, otherwise than on arm's length commercial terms and for full value.	Yes
6.	OTHER ISSUES OF IMPORTANCE TO SHAREHOLDERS	
6.1	Moving the central management and control of PropCo1 outside the UK.	Yes

Shareholder Protection Matter		CPCA
6.2	Moving PropCo1 tax residence outside the UK.	Yes
6.3	PropCo1 making any political donation.	Yes
6.4	The approval of (and any change to) PropCo1 policy which potentially impacts on the statutory liability of Shareholders or Directors (eg anti-bribery and corruption, health and safety, non-discrimination).	Yes
6.5	The initiation, conduct, settlement or abandoning of any legal, arbitration or other dispute resolution proceedings by PropCo1 which does not:	
	6.5.1 involve a Related Claim and/or a Shareholder Claim; and	Yes
	6.5.2 for which the claim or liability (including related costs) is or may be in excess of £10,000.	Yes
6.6	Ceasing to carry on the Business or the carrying on of the Business on any materially reduced scale	Yes

Shareholder Protection Matter		CPCA
6.7	The commencement of any new business not being ancillary or incidental to the Business.	Yes
6.8	Creating or amending any bonus, profit sharing or other financial incentive scheme;	Yes
6.9	Making any change to its auditors or its accounting reference date;	Yes
6.10	Appointing or removing any Director otherwise than in accordance with the provisions of this Agreement;	Yes
6.11	The establishment of and delegation of powers to any committee of the Board or, in the case of any subsidiary, any committee of its board of Directors;	Yes
7.	ADDITIONAL MATTERS	
7.1	Making changes to bank mandates or scopes of authority therein;	Yes
7.2	Engaging employees;	Yes
7.3	Establishing or amending any pension scheme;	Yes
7.4	Factoring or discounting any debts;	Yes

Shareholder Protection Matter		CPCA
7.5	Making any agreements with revenue authorities or any other taxing authority;	Yes
7.6	Changing bankers	Yes
7.7	Changing the name of PropCo1	Yes
7.8	Entry into any distribution or similar agreement;	Yes
7.9	Giving notice of termination of any arrangements of a material nature to PropCo1	Yes

PETERBOROUGH R&D PROPERTY COMPANY LIMITED (PROPCO2)

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
CPCA shall procure that the CPCA Directors shall each deliver to PropCo2 a duly signed Letter of Appointment	CPCA
CPCA shall have the right to appoint and maintain in office up to two CPCA Directors to the Board. At all times during the continuance of this Agreement (and while such parties are Shareholders) there shall be at least two people appointed to the Board by CPCA and maintained in office as a Director of PropCo2.	CPCA
CPCA shall have the right to remove any CPCA Director nominated by it and appoint another CPCA Director in their place	CPCA

BUSINESS PLAN AND FINANCIAL REPORTING

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
<p>CPCA will be responsible for carrying out a formal review of the Business Plan within 15 days of:-</p> <ul style="list-style-type: none"> the end of each Quarter following the date of the Shareholder Agreement on the occurrence of an Update Trigger. <p>Within 30 days following such formal review, CPCA (in accordance with the Development Management Agreement) shall finalise and circulate the revised Business Plan to the Shareholders, unless CPCA's formal review concluded that the then current Business Plan remained appropriate (in which case, CPCA shall inform the parties thereof within 30 days following such review). If CPCA fails to do so, any Shareholder</p>	CPCA

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
may circulate an updated, revised Business Plan to the other Shareholders for approval.	
<p>CPCA shall prepare and thereafter, as appropriate, update or confirm that the Initial Cash Flow Model continues to accurately reflect the financial position of PropCo1 concomitantly when carrying out its formal review of the Business Plan, as above.</p> <p>If CPCA is not able to confirm that the Initial Cash Flow Model continues to accurately reflect the then current financial position of PropCo1 when any such circumstances arise (a "Failure to Confirm"), then CPCA will update the Initial Cash Flow Model in accordance with this Clause.</p> <p>No more than 30 days following a Failure to Confirm CPCA shall (in accordance with the Development Management Agreement) finalise and circulate an updated revised Cash Flow Model to the Shareholders.</p> <p>The Parties shall procure that CPCA maintains a log of changes reflected in the Cash Flow Model (from the Initial Cash Flow Model and each subsequent iteration of the Cash Flow Model) will be maintained and provided to PropCo1 with each submission of a revised Cash Flow Model.</p>	CPCA
<p>Model Audit</p> <p>If requested by the Shareholders, CPCA shall instruct a suitably qualified professional, whose identity will be subject to unanimous approval by the Board, to undertake a model audit of the Cash Flow Model (and supporting input sheets as agreed between the Parties). CPCA shall share copies of such model audit with the other Shareholders as soon as it becomes available.</p>	CPCA

Type of decision/role within the Shareholder Agreement	CPCA and/or PropCo1 Action
Cost-to-Complete Report If requested by the Shareholders, CPCA will instruct an appropriately qualified professional to complete a Cost-to-Complete Report each month in a form agreed by all the Shareholders in relation to each Property where works have commenced until the completion of development activities on such Property. CPCA shall share copies of such Cost-to-Complete Report with the other Shareholders as soon as it becomes available.	CPCA

SHAREHOLDER PROTECTION MATTERS

Shareholder Protection Matter for		CPCA
8.	PROPCO 2 CAPITAL	
8.1	Issuing or allotting any shares in PropCo 2.	Yes
8.2	Issuing, granting or consenting to the assignment of options over any Shares in PropCo 2.	Yes
8.3	Creating any rights to convert other securities into shares in any PropCo 2	Yes
8.4	Consolidating, sub-dividing, converting, cancelling or otherwise altering any of the rights attached to any of the issued shares (or any class of shares) in PropCo 2.	Yes
8.5	Reorganising the share capital of PropCo 2.	Yes

Shareholder Protection Matter for		CPCA
8.6	Purchasing (save as required or permitted under the Articles) or redeeming any shares in PropCo 2.	Yes
8.7	PropCo 2 repaying any amounts standing to the credit of any share premium account or capital redemption reserve or other surplus or reducing any uncalled liability in respect of partly paid shares.	Yes
9.	RELATED PARTY TRANSACTIONS	
9.1	PropCo 2 entering into, terminating or varying (except for minor variations unlikely to have a material impact on PropCo 2) any contract, terms, material transaction or other arrangement (whether legally binding or not and, for the avoidance of doubt, including any Project Agreement) with:	
9.1.1	any Shareholder;	Yes
9.1.2	any member of a Shareholder's Group; or	Yes
9.1.3	any person connected with a Shareholder or a member of a Shareholder's Group.	Yes

Shareholder Protection Matter for		CPCA
9.2	The amendment of any fee payable by PropCo 2 (except for minor variations unlikely to have a material impact on PropCo 2) under a contract (including, for the avoidance of doubt, any Project Agreement) with any Shareholder, any member of a Shareholder's Group or any person connected with a member of a Shareholder of a Shareholder's Group.	Yes
9.3	PropCo 2 entering into any transaction, paying any management charges (or any other payment whether gratuitous or in consideration of past or future services) or assuming any liability or obligation, in each case for the direct or indirect benefit of any of the Directors or any of the Shareholders or any member of a Shareholder's Group other than as expressly provided in this Agreement, in each case, otherwise than on arm's length commercial terms and for full value.	Yes
10.	OTHER ISSUES OF IMPORTANCE TO SHAREHOLDERS	
10.1	Ceasing to carry on the Business or the carrying on of the Business on any materially reduced scale.	Yes
10.2	The establishment of and delegation of powers to any committee of the Board or, in the case of any subsidiary, any committee of its board of Directors.	Yes
10.3	Changing the name of PropCo 2.	Yes

Shareholder Protection Matter for		CPCA
10.4	Appointing a director other than the CPCA Directors or the Photocentric Director.	Yes
10.5	Making any amendments to the Articles of Association of the Company that have a material adverse impact on Photocentric.	Yes

ANGLE DEVELOPMENTS (EAST) LIMITED

Type of decision/role within the Shareholder Agreement	CPCA and/or Angle Developments (East)
<p>The CPCA shall provide such access to premises and data, and such office accommodation and other facilities as may reasonably be requested by the company and agreed with the CPCA in writing in advance, for the purposes of providing these Services;</p> <p>The CPCA shall provide such access to commonly shared IT systems, including document & data storage, software and shall facilitate the Supplier being able to call upon the CPCAs IT hardware and support systems;</p> <p>The CPCA shall provide such necessary information for the provision of the Services as the Supplier may reasonably request</p>	CPCA
<p>The company shall indemnify the CPCA against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by the CPCA arising out of or in connection with any claim brought against the CPCA for actual or alleged infringement of a third party's rights (including any Intellectual Property Rights) arising out of, or in connection with, the receipt, use or onward supply of the company by the CPCA and its licensees and sub-licensees.</p> <p>During the term of the Contract, the company shall maintain in force, with a reputable insurance company, professional indemnity insurance and public liability insurance to cover the liabilities that may arise under or in connection with the</p>	Angle Developments (East)

Type of decision/role within the Shareholder Agreement	CPCA and/or Angle Developments (East)
contract, and shall produce to the CPCA on request both the insurance certificate giving details of cover and the receipt for the current year's premium in respect of each insurance.	

ANGLE HOLDINGS

Type of decision/role within the Shareholder Agreement	CPCA and/or Angle Holdings
<p>The CPCA shall provide such access to premises and data, and such office accommodation and other facilities as may reasonably be requested by the company and agreed with the CPCA in writing in advance, for the purposes of providing these Services;</p> <p>The CPCA shall provide such access to commonly shared IT systems, including document & data storage, software and shall facilitate the Supplier being able to call upon the CPCAs IT hardware and support systems;</p> <p>The CPCA shall provide such necessary information for the provision of the Services as the Supplier may reasonably request</p>	CPCA
The company shall indemnify the CPCA against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by the CPCA arising out of or in connection with any claim brought against the CPCA for actual or alleged infringement of a third party's rights (including any Intellectual Property Rights) arising out of, or in connection with, the receipt, use or	Angle Holdings

Type of decision/role within the Shareholder Agreement	CPCA and/or Angle Holdings
<p>onward supply of the company by the CPCA and its licensees and sub-licensees.</p> <p>During the term of the Contract, the company shall maintain in force, with a reputable insurance company, professional indemnity insurance and public liability insurance to cover the liabilities that may arise under or in connection with the contract, and shall produce to the CPCA on request both the insurance certificate giving details of cover and the receipt for the current year's premium in respect of each insurance.</p>	



Report title: Review of Corporate Risk Register & Risk Register Improvements

To:	Audit and Governance Committee
Meeting Date:	30 Sept 2022
From:	Chris Bolton Head of Programme Management Office
Key decision:	No
Recommendations:	<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none">a) Note improvements to the Corporate Risk register including details on the role of the Performance and Risk Committee. (PaRC).b) Note the planned corporate risk training for all directorates and subsidiary companies and risk appetite exercises.
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 The purpose of this paper is to provide a progress update on the developing risk register, including planned risk register and risk appetite training, and to provide the committee with details on the role of PaRC.
- 1.2 Member behaviour is to be included as a risk, as well as the following, which were discussed at the last meeting:
 - the future viability of the CA as an overarching risk
 - the direction of travel for the risk
 - prioritisation of the top 4 or 5 risks
 - a narrative to expand on the issues

2. Background

- 2.1 The Corporate Risk Register is populated by reference to individual project risk assessments and over-arching corporate risks and is reviewed by the Executive Team of the Combined Authority at the Performance and Risk Committee. Any risks which arise, or which become more significant between their meetings are escalated to the next Executive Team or PaRC meeting.
- 2.2 PaRC is an internal officer group led by the Programme Office, the group incorporates officers from across the CPCA including the Chief Executive Officer and Executive Team. In addition, officers from across the constituent councils and suppliers attend the meeting as required.
- 2.3 The meeting takes place monthly, where the performance and risks of all projects across the CPCA and its subsidiary companies are reviewed. Monthly highlight reports are reviewed at the meeting with performance dashboards being available at corporate and directorate levels.
- 2.4 PaRC acts as a forum to discuss upcoming projects with the group, increasing visibility of projects across the organisation and putting in place a support mechanism for project managers to access any relevant information they require in progressing work including lessons learned in previous projects.
- 2.5 In January 2021 the Combined Authority internal auditors RSM (UK) were commissioned to undertake a risk management pathfinder exercise to review the Cambridgeshire & Peterborough Combined Authority's (CPCA) approach to managing risk and suggest options as to how risk management could be strengthened. RSM (UK) examined the current Risk Strategy and risk reporting, and worked with the Executive Team, Governance and Programme Office teams to ensure that the strategy represents an effective and efficient approach to dealing with risk that fits the needs of the Combined Authority.
- 2.6 The report, in final form, was presented at the Executive Team meeting on the 10 May 2022 and was presented to PaRC on 18 May for comment and revisions.
- 2.7 The Pathfinder report included nine actions, four of which have already been implemented, alongside an implementation timeline. The report recommended that the corporate risk register be refreshed as in its previous form it did not accurately describe the corporate risks the Authority faces or provide a narrative around the risk.
- 2.9 The Executive Team agreed to seek the view of the Chairman of the Audit & Governance Committee and requested that an updated version of the Risk Register be brought to this meeting of the Committee with the top 5 risks being noted. This is included at Appendix 1.
- 2.10 Risks are now monitored closely, in concert with the directorates. Actions now have recognised owners and dates for implementation, the proximity of risks are now noted, as well as an associated narrative including direction of travel. Mitigations for each risk are in place.
- 2.11 The final report of the Pathfinder is presented at Appendix 2. Risk register and risk appetite will be the subject of training for officers across the Combined Authority and subsidiary companies. This will include members of the A&G Committee.

3. Financial Implications

3.1 There are no financial implications.

4. Legal Implications

4.1 There are no legal implications.

5. Appendices

5.1 Appendix 1: Updated Risk Register September 2022

Appendix 2: Pathfinder Report

Risk Title												Cause & Effect		Inherent Score	Risk Control		Residual Score	Action required				Risk cost	Target Score	
Risk Ref	Risk Title	Date Identified	Risk type	Proximity	Risk Status	Risk Owner	Risk Lead	Last Updated	Latest Review Date	Last Reviewed By	Last Review Comments	Cause	Effect	Inherent Risk Score	Control (mitigation action)	Control Owner	Residual Risk Score	Action required	Person responsible	Date to be implemented by	Date action closed (if applicable)	Cost of risk control (£k)	Escalation Required?	Target Risk Score
2	Future funding	07/03/2022	Financial	Close	Open	JA	CFO	06/07/2022	06/07/2022	PMO/CFO		a) Lack of guaranteed future funding streams especially with existing streams coming to an end such as Transforming Cities Fund, housing investment funds and Local Growth Funding. b) Lack of 'local funding' to support bids. c) Wider financial pressures on Local Government impacting the ability of the area to deliver new projects d) Lower than anticipated allocation of UK SPF to the area e) Reduction in Business Board funding.	Effect financial stability of schemes. Impact on delivery on the devolution deal. Pause on core funding could impact on the ability of the CPCA to make a balanced budget 2023/24. Lack of future funding may impact on the CA's ability to prepare accounts on a going concern basis.	25	a) Sharing risk with partners (how will we share risk with partners) b) Workshops with partners to work out alternative funding sources c). Liaison with government and M10 on opportunities created by LU white paper. d). Reconsideration of the use of CA financial freedom powers e) Effective programme management to take into account funding deadlines. f) manage stakeholder expectations regarding CA resources available to deliver strategic objectives g) Devolution Deal 2?	Section 73 officer in liaison with Director of Delivery and Strategy.	22	Discuss with DLUHC or central government opportunities for future funding and a second Devolution Deal.	Interim CEO	End of Oct 2022				13
5	Strategy gap	07/03/2022	Strategic	Imminent	Open	MP	Director of Corporate Services	20/09/2022	20/09/2022	Director of Corporate Services		Insufficient focus on priorities and their alignment to resources; - Lack of strategic agreement - Fitting resources against new strategies.	Not meeting strategic objectives as per devolution deal and associated performance measures.	25	a) agreement SGAS - agreed including Communication strategy b) agreement Business Plan - c) agreement performance metrics - agreed d) governance review - including informal policy pipeline work e) potential CPER refresh requires further board discussion f) CA Board Business Board workshops - one already held, next due in Sept g) Board member away days - two already held	Wider strategy team	18	Business plan agreed at June Board. Further Business Board away day planned. (6th July) Communication strategy discussed by ET, needs to be refined and implemented. New CEX Group has had an initial meeting. CEX Group will meet monthly.	Director of Corporate Services				3	
7	Future viability of the CA	07/03/2022	Strategic	Imminent	Open	GM	CEO	20/09/2022	20/09/2022	CEO/Director of Corporate Services		Poor governance practice identified by external auditor, DLUHC and BEIS. Poor delivery in some areas of the Combined Authority. Equivocal support from local stakeholders and limited understanding of the CPCA agenda.	Loss of confidence from our regulatory stakeholders. Withholding funding Limiting our effectiveness in tackling major local issues including fuel poverty, homelessness, demand for housing, emergence from Covid, cost of living crisis etc.	25	Developing an improvement plan in order to build confidence with central government. Move to more networked decision making and delivery with stakeholder involvement. Improved communications between partners	CEO	17	Under the leadership of the interim CEO an improvement plan is being developed.	Interim Director of Transformation - Angela Probert	End of Oct 22		£750,000.00		8
10	Net Zero Hubs	07/03/2022	Strategic	Imminent	Open	RH	AD Business	15/09/2022	16/09/2022	AD Business		Unspent budget. Issues with supply chain capacity following delays to programme have meant that the Energy Hub is unable to fully deliver the retrofit budget within the funding period to 30th June. On 9th June 2022 BEIS have informed the CPCA the delivery end date is 30th September 2022	£22m underspend from LAD2 has been returned to BEIS on the 31st March 2022. Further forecast underspend is likely by the end of the funding period. (30th September 2022). The supply chain issues have been exacerbated further, and it is now forecast underspend of £33m in total, therefore, a further £31m will need to be returned to BEIS. Sustainable Warmth programme commencing April 2022 - March 2023, £118m awarded. In light of the issues faced above with supply chain, material costs, etc. it is not possible to deliver the programme within the funding period to 30th September 2022. Risk to delivering Value for Money based on the external auditors concerns which are as follows: • Investigations into key individuals in the Mayor's office following a whistle-blower notification. • Increased number of employment related claims against the Authority; • Current vacancies in the Authority's senior management team, particularly at Chief Executive level, and the prospect that this could increase further from July 2022; • Weaknesses we have observed in how the extraordinary meeting of the Authority Board makes informed decisions; • That the nature of the whistle-blower allegations and initial findings of independent investigation reports raises significant questions on the culture, behaviour and integrity of some individuals in the Mayor's office.	Continued discussion with BEIS with regards to supply chain development. 11 installers on supply chain, 2nd mini competition underway. By end of April there will be additional capacity to deliver measures until the end of June. BEIS have notified the CPCA of an agree extension to 30th September 2022. Both the A&G and O&S Committees have been briefed on the issues and are making their own recommendations to the board and will work to support the CPCA in resolving the issues raised by EY. It is to be noted that an interim CEO has been appointed to directly address these issues. Regular engagement with external auditors, DLUHC and BEIS. Board to action a plan to satisfy EY concerns leading to DLUHC to release funds.	AD Business	21	Action to be closed on risk register.	RH		16/09/2022			13	
15	Governance - VIM risk relating to governance	15/06/2022	Strategic	Imminent	Open	GM	CEO	06/07/2022	16/08/2022	CFO/PMO		The external auditor has identified that there are: - Weaknesses in the Authority's governance arrangements. As a result of these weaknesses, we are concerned that the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation and how it discharges its statutory services. 1st July 2022, received notification from DLUHC that they have paused Mayoral Capacity Fund and LEP core funding for 2022/23. These and other funds may be at risk until such time as the CPCA has an improvement plan in place addressing concerns raised by	Risk to delivering Value for Money based on the external auditors concerns which are as follows: • Investigations into key individuals in the Mayor's office following a whistle-blower notification. • Increased number of employment related claims against the Authority; • Current vacancies in the Authority's senior management team, particularly at Chief Executive level, and the prospect that this could increase further from July 2022; • Weaknesses we have observed in how the extraordinary meeting of the Authority Board makes informed decisions; • That the nature of the whistle-blower allegations and initial findings of independent investigation reports raises significant questions on the culture, behaviour and integrity of some individuals in the Mayor's office.	25	Both the A&G and O&S Committees have been briefed on the issues and are making their own recommendations to the board and will work to support the CPCA in resolving the issues raised by EY. It is to be noted that an interim CEO has been appointed to directly address these issues. Regular engagement with external auditors, DLUHC and BEIS. Board to action a plan to satisfy EY concerns leading to DLUHC to release funds.	CEO	17	Under the leadership of the interim CEO an improvement plan is being developed to address the points raised in the EY letter. Under the leadership of the interim CEO an improvement plan is being developed in a response to DLUHC concerns so that they will release paused funding	Interim Director of transformation - Angela Probert	End of Oct 22				5
16	Culture	14/09/2022	Reputation	Imminent	Open	CEO	CEO	14/09/2022	14/09/2022	CEO/Director of Corporate Services		The A&G Committee have asked that Member behaviour is to be included on the corporate risk register.	Impact on delivery of decisions, demotivation of officers.	22	Governance review underway as part of Improvement Plan.	CEO	18	Ongoing engagement with Members and Officers to display appropriate behaviours.	CEO	End of Dec 22				



Cambridgeshire and Peterborough Combined Authority

Risk Management Pathfinder

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Risk Management Pathfinder

Introduction

The aim of this risk management pathfinder exercise is to provide options as to how Cambridgeshire & Peterborough Combined Authority's (CPCA) approach to managing risk can be developed and strengthened. In some cases these will be "quick wins" as well as changes that may require a greater period of time or resources to achieve.

The risk management pathfinder is not an audit, instead it involves a high level assessment of key documents leading to the creation of an output that can be used for discussion with the CPCA Executive Team. The risk management pathfinder by its nature is not an all encompassing review of risk management. Management of course may decide that a more detailed review is required to achieve the outcome required following completion of the risk management pathfinder exercise.

This pathfinder contains three separate segments:

- Risk Framework Components
- Capability & Expertise
- Risk Management Hierarchy & Reporting

The options and suggestions arising from the pathfinder exercise are based purely on the RSM's risk management advisory knowledge and experience of managing risk from across all sectors. There on, any further action is for management to decide. These suggestions have been developed into a Road Map which can be found on page 9 of this document.

It should be noted that following the adoption of any of the suggestions from this pathfinder review, it will be important for the organisation to update its risk management strategy to ensure that it is reflective of any changes to the framework .

Risk Management Pathfinder

Risk Framework Components

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
1.	<i>The risk register format is conducive to the effective recording of risks and associated information</i>	<p>The current risk register template is comprehensive, and provides scope for key information to be captured. The organisation uses ‘cause and effect’ analysis fields to help breakdown the risk narrative so that context can be provided to the end users. This area could be developed further with some small amendments to the template to ensure that there is a ‘golden thread’ for each risk. i.e. from risk description, inherent risk score, controls, residual risk score, improvement actions etc.</p> <p>It should be noted that the risk register document itself should be viewed as a data repository and the information contained within, used to inform risk reporting that is tailored to its audience.</p> <p>Suggested Action: Revise the risk register template to ensure that the information for each risk flows in a logical manner and provides scope to capture any enhancements made regarding developments highlighted in this pathfinder, for example risk appetite and assurance mapping.</p>	Slide 13
2.	<i>There is an appropriate and effectively utilised risk scoring methodology</i>	<p>CPCA uses a multiplier scoring matrix which can lead to risk scores being unintentionally mis-leading. For example, one risk may have a score of impact 5, likelihood 1, equalling a score of 5, and another impact 1, likelihood 5, also equalling 5. These two risks have the same score, but would be managed very differently from a control, treatment plan and assurance perspective.</p> <p>By using a non multiplier scoring methodology, it ensures that risks are assessed appropriately with the emphasis on the level of impact for each risk. This model can allow for easier prioritisation, interpretation and avoid the example above occurring.</p> <p>There are limited descriptors for impact and likelihood within the scoring methodology. These could be enhanced to provide greater direction so that they assist in removing subjectivity around the scoring of the risks. For example, impacts for the following could be developed i.e. safety, quality, finance, regulatory, reputation.</p> <p>Suggested Action: Amend the impact and likelihood matrix to a ‘non-multiplier’ and develop descriptors for the impact scale to help the assessment of risks and remove subjectivity.</p>	Slides 18, 19 and 20

Risk Management Pathfinder

Risk Framework Components

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
3.	<i>There is a clearly defined and documented risk appetite statement</i>	<p>CPCA does not currently have a defined, Board agreed risk appetite in place. Putting a risk appetite approach in place, will assist management in understanding what level of risk is acceptable for different types of risk, meaning that management can more efficiently allocate and prioritise resources to mitigate risk to reach an acceptable risk score / exposure. For example, if a risk is deemed to be within its risk appetite, the challenge of whether or not further controls are required, should be made.</p> <p>This approach can then assist in driving a more dynamic risk reporting and monitoring approach, where risks which have lower appetites may receive greater visibility than those that the organisation is comfortable with.</p> <p>Suggested Action: Develop a risk appetite statement and methodology that links to the impact and likelihood assessment. This will aid decision making, prioritisation of resources and targeted reporting.</p>	Slides 22, 23 and 24
4.	<i>Key controls are mitigating actions are clearly identified for each risk</i>	<p>The existing risk register template includes clear fields for current controls and future controls. There are however instances where the current control area includes actions that are being undertaken. It is therefore unclear what controls currently exist to manage the risks and what actions are required to address gaps in the control environment.</p> <p>All individual actions should be assigned to a named individual, with an expected implementation date, with action owners providing and recording regular updates on progress. This will assist with risk reporting because reports with just an action description provide no real update to Committees and Board on how that action is progressing month on month.</p> <p>It should also be noted the residual risk score and risk appetite should be used as a gauge for whether or not further action is required. There are currently examples within the risk registers where the residual risk scores are green and there are a number of actions identified.</p> <p>Suggested Action: Review all actions or planned improvements to ensure that timescales are applied to encourage ownership and accountability. Ensure that these actions demonstrably mitigate the risk and are proportionate to the residual risk score and risk appetite applied.</p>	Slide 16

Risk Management Pathfinder

Risk Framework Components

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
5.	<i>Assurances are mapped to the key control environment, providing visibility of control effectiveness.</i>	<p>Currently there is no formal assurance mechanism in place to capture the levels of confidence in the effectiveness of the control environment identified as part of the organisation’s corporate and directorate risk registers.</p> <p>A key development for CPCA as it moves forward will be to develop an ability to do this in a pragmatic and proportionate manner so that visibility of control effectiveness can be gained and reported on to the Audit and Governance Committee.</p> <p>By mapping assurances to the control environment for key risks, the organisation will be in a position to better inform its risk-based decision making and its allocation of resources moving forward. If proportionate to the risk exposure, assurance activity should be identified where assurances are not available / documented to ensure that a complete picture is obtained and weaknesses identified.</p> <p>One best practice method for capturing assurances is the adoption of the ‘three lines of defence’ model, where assurances are identified at different levels dependant up where the source has come from and the confidence it provides.</p> <p>This is not to say that assurances will be required or available for all controls or for all three lines of defence, as a proportionate approach is required, based upon the risk exposure and risk appetite for that risk.</p> <p>Suggested Action: Develop a proportionate assurance gathering mechanism for capturing and demonstrating the effectiveness of controls identified for the Corporate Risk Register risks. This should include not just the assurance source but also the effectiveness rating.</p>	Slides 14, 15 and 17

Risk Management Pathfinder

Capability & Expertise

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
6.	<i>There is sufficient dedicated risk management expertise and resource to enable the risk framework to be effectively facilitated.</i>	<p>The CPCA currently has limited risk management expertise within the organisation. The risk management framework is currently administrated by three non-specialist individuals with no risk management experience. In order for the organisation to have an effective risk management framework and process in place it should consider filling this gap in specialist skills and experience.</p> <p>There are a several options available to the organisation to ensure that the appropriate level of skills and expertise are in place. However it should be ensured that the individual responsible for risk, and who is effectively the 'risk manager' has sufficient gravitas and seniority within the management hierarchy to engage and challenge individuals.</p> <p>If recruitment is undertaken, the position should be considered in terms of seniority, as the equivalent to a 'Head of Internal Audit' and have a similar set of skills and experience in terms of communication, and understanding of risk, with an appropriate or relevant qualification. It will also be important to ensure that practical experience in terms of risk and the sector are present. Our experience however has been that individuals soon become engrained within an organisation and fail to remain objective as they become part of the organisation. We have outlined an alternative option for management to consider on Slide 25 which would allow for risk management to remain independent of the organisation and provide an impartial view and scrutiny over the risk framework.</p> <p>Suggested Action: Consideration to be given as to the most appropriate channel to acquire specialist risk management expertise for CPCA to facilitate the risk management framework.</p>	Slide 25
7.	<i>There is a programme of risk management training in place to build capability within the organisation</i>	<p>On completion of enhancements to the CPCA risk management framework and updating of the risk management strategy, it will be key to engage with stakeholders. This should be done through developing an on-going cycle of risk management awareness training that is tailored to the audience, i.e. Board, Performance & Risk Committee to build risk management capability.</p> <p>Suggested Action: A risk management training programme should be developed and delivered that is tailored to suit the targeted group of individuals. i.e. Board, Audit & Governance Committee, staff.</p>	N/A

Risk Management Pathfinder

Risk Management Hierarchy & Reporting

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
8.	<i>There is a clear and appropriate risk register structure that allows for risks to be considered at the appropriate levels. i.e. strategic vs operational</i>	<p>The CPCA has a Corporate Risk Register (CRR) in place that is supported by four 'Directorate' risk registers which are owned by each of the four Directors on the Executive Team. Based upon the organisational structure and a drive to ensure that the risk management approach is pragmatic and proportionate, this hierarchy of risk is considered appropriate.</p> <p>The current CRR contains 18 risks, of which 8 that are inherently amber and then, in turn residually green. Therefore challenge is required to assess whether or not these should remain on the CRR or be de-escalated to the appropriate directorate risk register or indeed closed if they are no-longer risks. A key focus for the CRR is that the risks contained within it are of top priority for the Executive Team and the Board, and are explicitly linked to the CPCA strategic objectives.</p> <p>Suggested Action: Refresh the existing CRR to align the risks to the CPCA objectives and major Board concerns, and rationalise the volume of risk information. A similar exercise should be undertaken for the Directorate risk registers to ensure that they are focused and relevant.</p>	Slides 11 and 12
9.	<i>Risk reporting is dynamic, visual and provides the appropriate information</i>	<p>Although risk reporting currently takes place to various forums within the governance structure, the reporting is not considered dynamic and lacking visual presentation, as it consists of reporting the risk register document in its existing guise. To ensure that risk reporting is meaningful to the end user and easy to understand, it is important to analyse and interpret the information within the risk registers and use this to inform risk reports that are tailored and appropriate for the audience.</p> <p>The recently formed Performance & Risk Committee has an agenda that lends itself to receiving the corporate risk and emerging directorate risk reporting. The Committee should be considered the 'engine room' to ensure that risk management is working effectively. This Committee could also facilitate a 'deep dive' programme, through which it can ensure that the control environment is in place for specific risks and that actions are being implemented in a timely manner and essentially being managed effectively.</p> <p>Suggested Action: Introduce new reporting formats that are focused on visual risk reporting, exception based indicators, escalation of directorate risks, trends and risk appetite. i.e. heat map. This should also incorporate a 'Deep Dive' programme of work looking at specific risks.</p>	Slides 14 and 21

Road Map



Indicated potential deadline for activity to be completed.

	Suggested Actions	Q1	Q2	Q3	Q4
1	Revise the risk register template, to ensure that the information for each risk flows in a logical manner and provides scope to capture any enhancements made regarding developments highlighted in this pathfinder, for example risk appetite and assurance mapping.				
2	Amend the impact and likelihood matrix to a 'non-multiplier' and develop descriptors for the impact scale to help the assessment of risks and remove subjectivity.				
3	Develop a risk appetite statement and methodology that links to the Impact and Probability assessment. This will aid decision making, prioritisation of resources and targeted reporting				
4	Review all actions or planned improvements to ensure that timescales are applied to encourage ownership and accountability. Ensure that these actions demonstrably mitigate the risk and are proportionate to the residual risk score and risk appetite applied.				
5	Develop a proportionate assurance gathering mechanism for capturing and demonstrating the effectiveness of controls identified for the Corporate Risk Register risks. This should include not just the assurance source but also the effectiveness rating.				
6	Consideration to be given as to the most appropriate channel to acquire specialist risk management expertise and input for CPCA to facilitate the risk framework				
7	A risk management training programme should be developed and delivered that is tailored to suit the targeted group of individuals. i.e. Board, Operational staff, Audit Committee.				
8	Refresh the existing CRR to align the risks to the CPCA objectives and major Board concerns, and rationalise the volume of risk information. When this refresh exercise has taken place, a similar exercise should be undertaken for the Directorate risk registers to ensure that they are focused and relevant.				
9	Introduce new reporting formats that are focused on visual risk reporting, exception based indicators, escalation of directorate risks, trends and risk appetite. i.e. heat map. This should also incorporate a 'Deep Dive' programme of work looking at specific risks.				

Risk Management Pathfinder

Slide Index: We have included some further guidance on the following slides (and referenced above) around risk management and the benefits it brings to an organisation, explaining various ways of improving and embedding risk management across CPCA

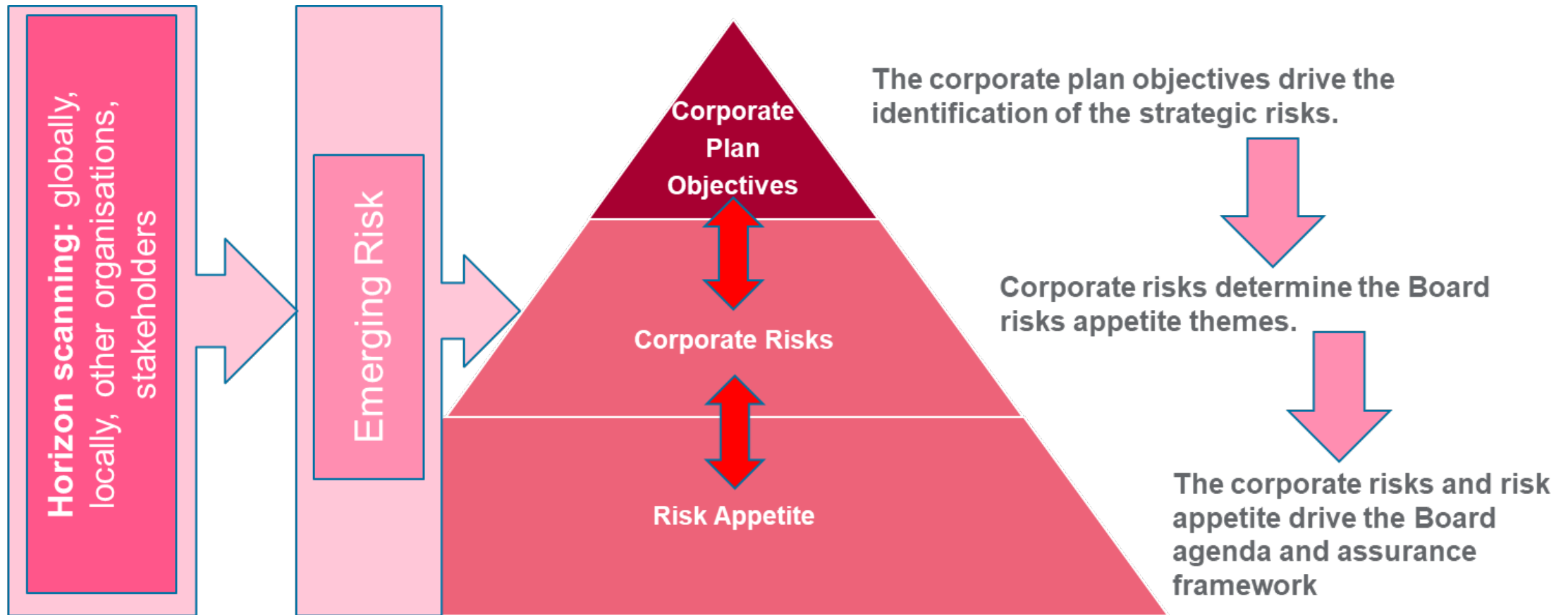
Slide Ref:	Explanation:
11	4 questions that can be asked what else might be drawn out in regards to identification of your strategic risks?
12	Demonstrating the relationship between strategic objectives, risk appetite and strategic risks.
13	Example of a standard risk register report (without assurances) that could be used for more operational areas to report their risks
14	Example of a Board Assurance Framework (BAF) report that includes the 3 lines of assurance that could be used for more detailed reporting to ET, Committees and Board
15	Example of an Assurance Report containing all references and assessments over the effectiveness of controls from 1 st , 2 nd and 3 rd lines of assurance
16	Example of an Actions Overdue report highlighting all actions associated to improving the management of a risk that are overdue and require updating
17	The 3 Lines of Assurance – explaining the process where you would seek to obtain evidence / assurance from Management, Oversight and Independent that the controls are working effectively.
18, 19, 20	Example of a 5x5 risk matrix including Impact and Likelihood descriptors that are used to ensure all risks are scored consistently using a set criteria
21	Example of a Heat Map that can be used to effectively position a key set of risks on a matrix to clearly show where each risk is positioned
22, 23 & 24	Risk Appetite – an introduction into how risk appetite can be developed using different levels, descriptions to report which risks sit within and outside of appetite.
25	Senior Independent Director – role outline

Risk Management Pathfinder

If the 4 questions were asked what else might be drawn out? – worst case, challenge, opportunity, emerging. The 4 questions below can be used to extract from the board / executive what are the risk appetite themes / strategic or corporate risks. If these were asked what would the responses be and how would these compare with current corporate risk register entries.

Question:	
1	Given the CPCA vision, mission and priorities, what would be the worst thing that CPCA could experience tomorrow or in the next 12 months? i.e. activities or events that you would want to potentially avoid e.g. a significant health and safety breach etc.
2	Given the CPCA vision, mission and priorities, what are the greatest challenges that CPCA faces in the next 12 to 24 months? i.e. activities or events that may occur with which you would want to engage or tackle in some way e.g. achieving digital transformation of services for users etc.
3	Given the CPCA vision, mission and priorities, what are the greatest opportunities that CPCA has in the next 12 to 36 months? i.e. activities or events that you would want to capitalize on or seek out e.g. Commercial growth through partnering and collaboration etc.
4	Given the CPCA vision, mission and priorities, what do you see as the emerging events or threats that could impact on CPCA either negatively or positively and that you believe should be watched i.e. those items still morphing or on the horizon e.g. climate change / environmental, Cov-Sars 21 etc.

Risk Management Pathfinder



Emerging risks will need to be monitored and kept in check.

Corporate risks enable the key controls to be identified and assurances mapped, creating a Board Assurance Framework.

Risk appetite themes will drive operational risk reporting – type of risk, volume, what is “in” and “outside” risk appetite.

Risk Management Pathfinder

Example: Standard Risk Report (No Assurances) using Risk R3

Strategic Risk Management Plan								
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Score	Risk Control	Residual Risk Score	Action Required	Progress Notes	Target Risk Score
SRMP 1	College is unable to progress systems development and integration. Risk Owner: Craig Duff Risk Lead: Last Updated: 03 Nov 2021 Latest Review Date: 03 Nov 2021 Latest Review By: Craig Duff Last Review Comments: Risk discussed at Audit Committee and score reduced from 16 to 12 due to new controls added	Cause <ul style="list-style-type: none"> - Poor training and awareness - Lack of a Digital Strategy - IT Department - lack of skills and experience - Insufficient funding and investment Effect <ul style="list-style-type: none"> - Inefficient work practices - Opportunities for efficiency missed; - Resources wasted/unable to reallocate to growth areas - Increased costs - Seen as "old fashioned" by stakeholders. 	I = 4 L = 4 16	2018/19 Digital Leadership Programme raising awareness of the importance of digital culture across the college Control Owner: Matt Humphrey	I = 4 L = 3 12	Update the 2018/19 Digital Leadership Programme for 2022/23 to ensure the College continues to raise awareness of the importance of its digital culture Person Responsible: Craig Duff To be implemented by: 31 Jan 2022	03 Nov 2021 Craig Duff 1st Draft will be discussed at SLT during December 2021	I = 4 L = 2 8
				2019/20 - Launch of the Digital Strategy Control Owner: Craig Duff				
				Systems & Reporting improvement identified as a key component of revised Strategic Plan. Working Group established & continued additional investment for specialist resource with clear continuing priorities for data / reporting Control Owner: Duncan Short				
				Tribal Edge Learner journey and engagement app and software implemented from September 2019 onwards (SDConnect, online enrolments, ILP) Control Owner: Will Hollis				

Risk Management Pathfinder

Example: Board Assurance Framework Report

9b. Board Assurance Framework Acad / Staff											
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Score	Risk Control	Control Assurance (Department)	Control Assurance (Management)	Control Assurance (Independent)	Overall Assurance Strength of Control	Residual Risk Score	Action Required	Progress Notes
STAFF 1	Insufficient staff development and retention Risk Owner: Mrs H Jones Risk Lead: Mr C Smith Last Updated: 04 Nov 2021 Latest Review Date: 02 Mar 2021 Latest Review By: Mr C Smith Last Review Comments: Risk reviewed at Team Meeting and no updates made	Cause - Appraisal and performance management arrangements are not consistent - Unable to provide appropriate training and development opportunities - Insufficient resources to deliver training - Can't get staff out of day job to deliver training Effect - Low standards of teaching and education. - High staff turnover / Shortage of staff. - Reputational damage - Difficulties in recruiting	I = 5 L = 5 25	Action Plans in place for all staff to further develop career Control Owner: Ms T Carter	All staff 1-1's carried out and reported into HR	HR report into Committee each meeting on progress	External Consultant used to support and review process	Adequate Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown	I = 5 L = 2 10	Bring in an external HR specialist to undertake an independent survey across all staff on their views around the support and training. Person Responsible: Mr C Smith To be implemented by: 31 Jul 2021	25 May 2021 Ms T Carter Shortlist down to 3 - decision to be made end June 21 02 Mar 2021 Mr C Smith Contact has been made with a number of organisations and will discuss at next working group meeting March 2021
				All staff provided with personal training and development plan Control Owner: Mrs H Jones	Training and development plans reviewed termly with management and HR	Update report taken to Management Team termly	External staff survey results provided by ABC Ltd	Adequate Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown		Ensure all staff appraisals are carried out annually in line with policy Person Responsible: Mr N Brown To be implemented by: 02 Aug 2021	25 May 2021 Ms T Carter Action on target and will be completed on time 12 Jan 2021 Mr N Brown 1st review carried out to determine who has not had an appraisal – action on track
				Annual Appraisal Processes in place for each member of staff that will include staff development plan that will be monitored throughout each year Control Owner: Mrs H Jones	All appraisals held centrally in HR and reviewed annually	Update report taken to Management Team termly	Internal Audit review of appraisals annually	Limited Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown			
				Experienced in-house training and development team in place to support all staff on their specific needs. Control Owner: Mr C Smith	HR team includes mix of experienced and specialist staff to deliver the programme	Management team review the process ensuring we have the right skills mix in place	Internal Audit review carried out across the HR team including the effectiveness of the HR team to deliver the training	Substantial Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown			

Risk Management Pathfinder

Example: 3 Lines of Assurance Report using Risk R3

Strategic Risk Management Plan															
Risk Ref	Risk Title	Risk Appetite	Inherent Risk Score	Residual Risk Score	Risk Control	Control Assurance (Department)	Department Assurance Owner	Department Strength of Control	Control Assurance (Management)	Management Assurance Owner	Management Strength of Control	Control Assurance (Independent)	Independent Assurance Owner	Independent Strength of Control	Overall Assurance Strength of Control
SRM P 1	College is unable to progress systems development and integration. Risk Owner: Craig Duff Risk Lead: Last Updated: 03 Nov 2021 Latest Review Date: 03 Nov 2021 Latest Review By: Craig Duff Last Review Comments: Risk discussed at Audit Committee and score reduced from 16 to 12 due to new controls added	IT Investment - Open 12+	I = 4 L = 4 16	I = 4 L = 3 12	2018/19 Digital Leadership Programme raising awareness of the importance of digital culture across the college Control Owner: Matt Humphrey	All training and awareness sessions evidence held by IT team and reviewed annually	Craig Duff	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	CLT review progress against IT Strategy at least once a year at annual planning seminar.	Matt Humphrey	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	RSM Internal Audit review June 2021	Duncan Short	Limited Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Limited Assurance Date: 03 Nov 2021 Assurance By: Craig Duff
					2019/20 - Launch of the Digital Strategy Control Owner: Craig Duff	Head of IT reviews Digital Strategy annually with team	Craig Duff	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Digital Strategy taken to Senior Leadership Team annually for update and approval Report presented at September 2020 Audit Committee	Will Hollis	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	RSM internal audit of Digital Strategy complete	Matt Humphrey	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff
					Systems & Reporting improvement identified as a key component of revised Strategic Plan. Working Group established & continued additional investment for specialist resource with clear continuing priorities for data / reporting Control Owner: Duncan Short	College dashboards launched in autumn term 2019 – well received with good user feedback	Duncan Short	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	College dashboards reports discussed at IT working group and SLT monthly	Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Ofsted Inspection 2020 reviewed Strategic Plan	Matt Humphrey	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff
					Tribal Edge Learner journey and engagement app and software implemented from September 2019 onwards (SDConnect, online enrolments, ILP) Control Owner: Will Hollis	IT Team ensure Cross-college engagement with Tribal EBS and Microsoft Office 365 products remains on-going	Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Quarterly updates to SLT on progress made	Matt Humphrey	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	External consultants used ad-hoc throughout the year to advise on progress made and any further recommendations	Duncan Short	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff

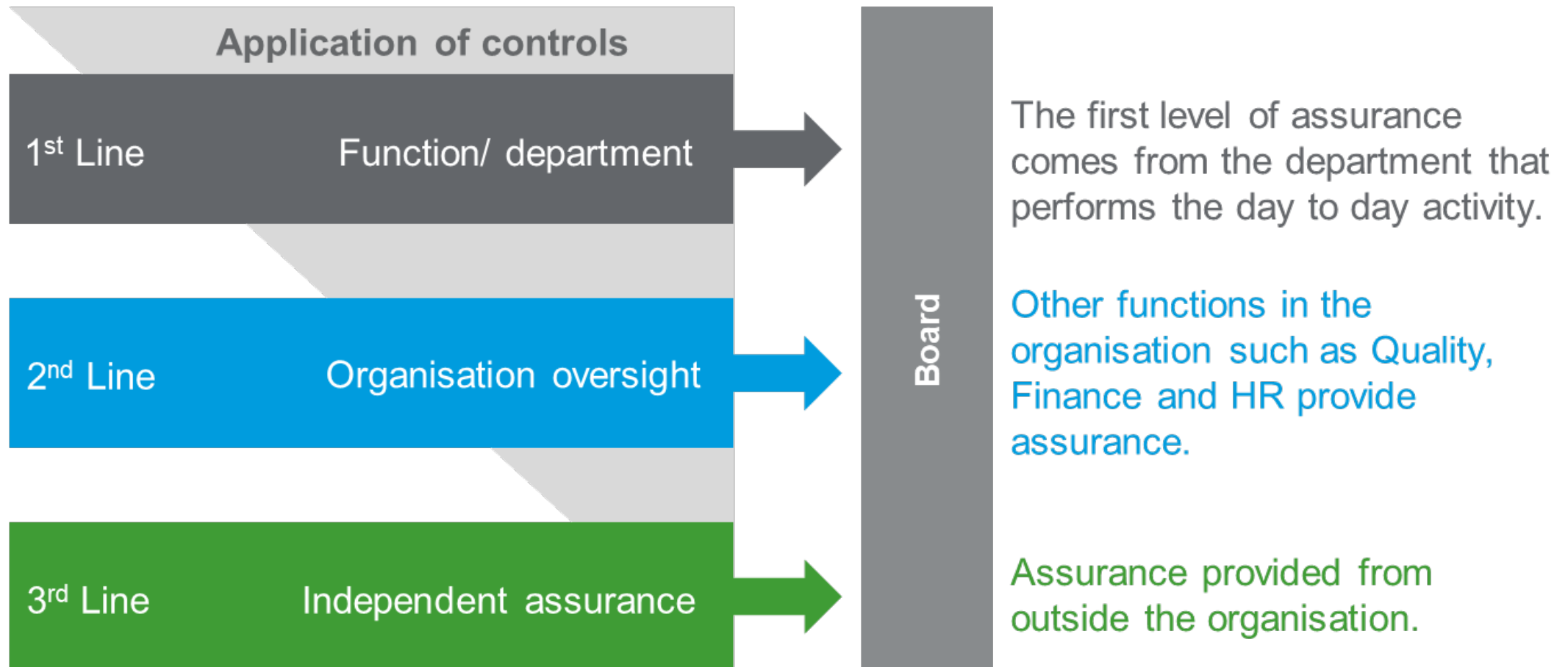
Risk Management Pathfinder

Example: Actions Overdue Report:

Risk Ref	Risk Title	Inherent Risk Score	Residual Risk Score	Action Required	Person Responsible	To be implemented by	Progress Notes	Target Risk Score
STR 1	Governance: Fail to ensure governance arrangements are accountable, appropriate & effective. Risk Owner: Craig Duff Risk Lead: Duncan Short Last Updated: 20 Oct 2021	I = 4 L = 4 16	I = 4 L = 2 8	1. Review and redraft the Terms of Reference for the Board and each of its Sub-Committee(s).	Duncan Short	31 Jul 2021	20 Oct 2021 Insight4GRC Support This is what is happening 21 Sep 2021 Craig Duff Action delayed at key member of staff has been on long-term sick.	I = 3 L = 1 3
STR 2	Failure to achieve growth, increase turnover and the diversity of the organisations services in order to keep working towards the mission statement. Risk Owner: Craig Duff Risk Lead: Duncan Short Last Updated: 22 Sep 2021	I = 5 L = 5 25	I = 5 L = 3 15	4. Following on from external review, Finance Team to ensure reports include month on month comparisons	Matt Humphrey	30 Sep 2021	27 Jul 2020 Craig Duff Action date agreed by group to extend to end Sept 20	I = 4 L = 2 8
STR 2	Failure to achieve growth, increase turnover and the diversity of the organisations services in order to keep working towards the mission statement. Risk Owner: Craig Duff Risk Lead: Duncan Short Last Updated: 22 Sep 2021	I = 5 L = 5 25	I = 5 L = 3 15	1. To appoint a Development Partner to help support our growth plans	Craig Duff	15 Oct 2021	28 Aug 2020 Craig Duff Action on target. Interviews to be held early September 02 Dec 2019 Craig Duff Date extended into end Jan 20 due to difficulties in trying to recruit	I = 4 L = 2 8

Risk Management Pathfinder

Making use of the assurances available



Risk Management Pathfinder

Example: Risk Matrix (Non-Multiplier)

Impact	5 Major	15	19	22	24	25
	4 Significant	10	14	18	21	23
	3 Moderate	6	9	13	17	20
	2 Minor	3	5	8	12	16
	1 Negligible	1	2	4	7	11
		1	2	3	4	5
		Rare	Unlikely	Possible	Likely	Almost Certain
Likelihood						

Risk Management Pathfinder

Example: Risk Impact Criteria / Definitions

Impact:	Safety	Reputation	Media Attitude	Legal Action	Direct Loss
5 - Critical	Potential to cause one or a number of fatalities. H&S breach causing serious fine, investigation, legal fees and possible stop notice.	Stakeholders / Third parties suffer major loss or cost.	Governmental or comparable political repercussions. Loss of confidence by public.	Action brought against The Group for significant breach.	Over £300,000
4 – Major	Serious risk or injury possibly leading to loss of life. H&S investigation resulting in investigation and loss of revenue.	Significant disruption and or Cost to Stakeholders / third parties.	Story in multiple media outlets and/or national TV main news over more than one day.	Law suit against for major breach with limited opportunity for settlement out of court	Between £50,000 and £300,000
3 – Moderate	High risk of injury, possibly serious. H&S standards insufficient / poor training.	A number of Stakeholders are aware and impacted by problems.	Critical article in Press or TV. Public criticism from industry body.	Probable settlement out of court	Between £10,000 and £50,000
2 - Minor	Small risk of minor injury. H&S policy not regularly reviewed.	Some external Stakeholders aware of the problem, but impact on is minimal.	Negative general article of which The Group is mentioned	Legal action with limited potential for decision against	Between £1,000 and £10,000
1 – Insignificant	No risk of injury. H&S compliant	External Stakeholders not impacted or aware of problem	No adverse media or trade press reporting.	Unsupported threat of legal action	Between £0 and £1,000

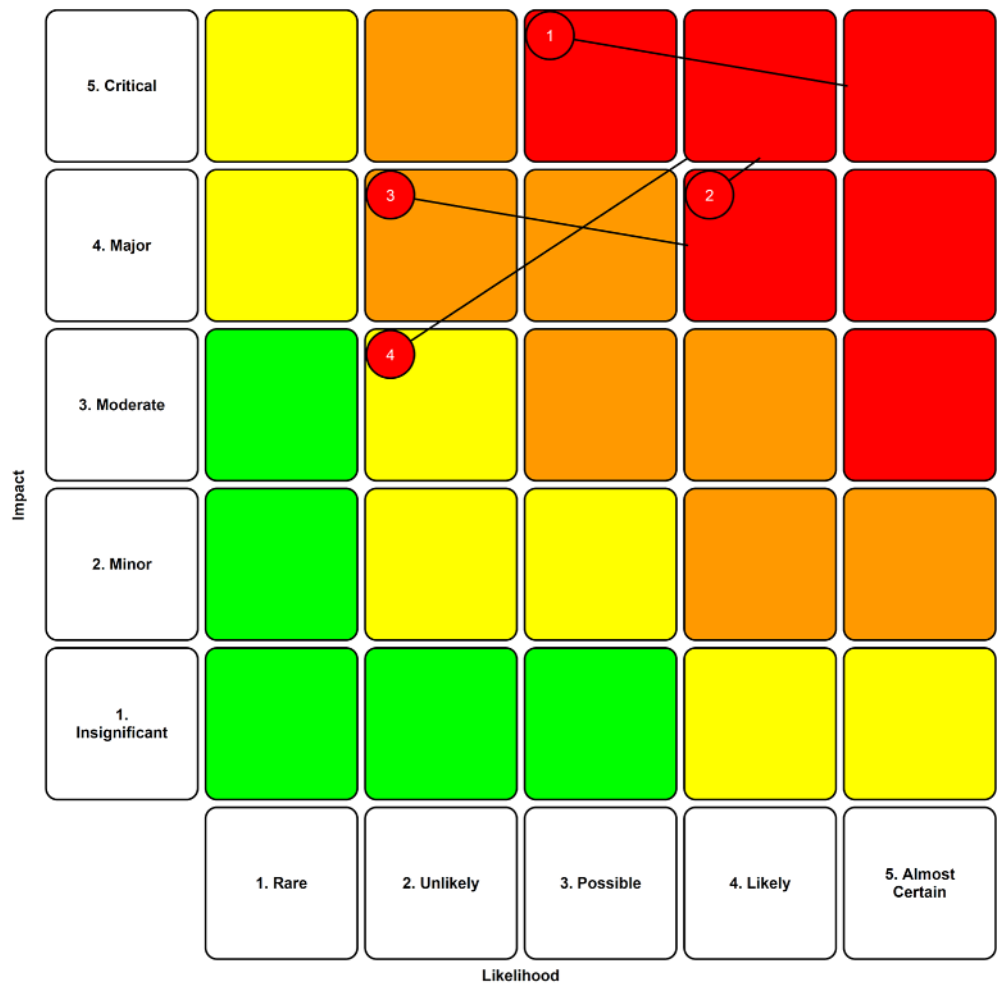
Risk Management Pathfinder

Example: Risk Likelihood Criteria / Definitions

Likelihood:	Description:
5. Almost Certain	<ul style="list-style-type: none"> • A history of it happening across the organisation • The event is expected to occur • 80% - 100% probability • Could occur within 1 month.
4. Likely	<ul style="list-style-type: none"> • Has happened across the organisation in the recent past • The event will probably occur in most circumstances • 60% -80% probability • Could occur within 6 months
3. Possible	<ul style="list-style-type: none"> • Has happened across the organisation in the past • The event should occur at some time • 40% - 60% probability • Could occur within 1 year
2. Unlikely	<ul style="list-style-type: none"> • May have happened across the organisation in the past • The event could occur at some time • 20% - 40% probability • Could occur within 1-3 years
1. Rare	<ul style="list-style-type: none"> • . No history of it happening across the organisation • The event may occur only in exceptional circumstances • < 20% probability • Could occur within 3 – 5 years

Risk Management Pathfinder

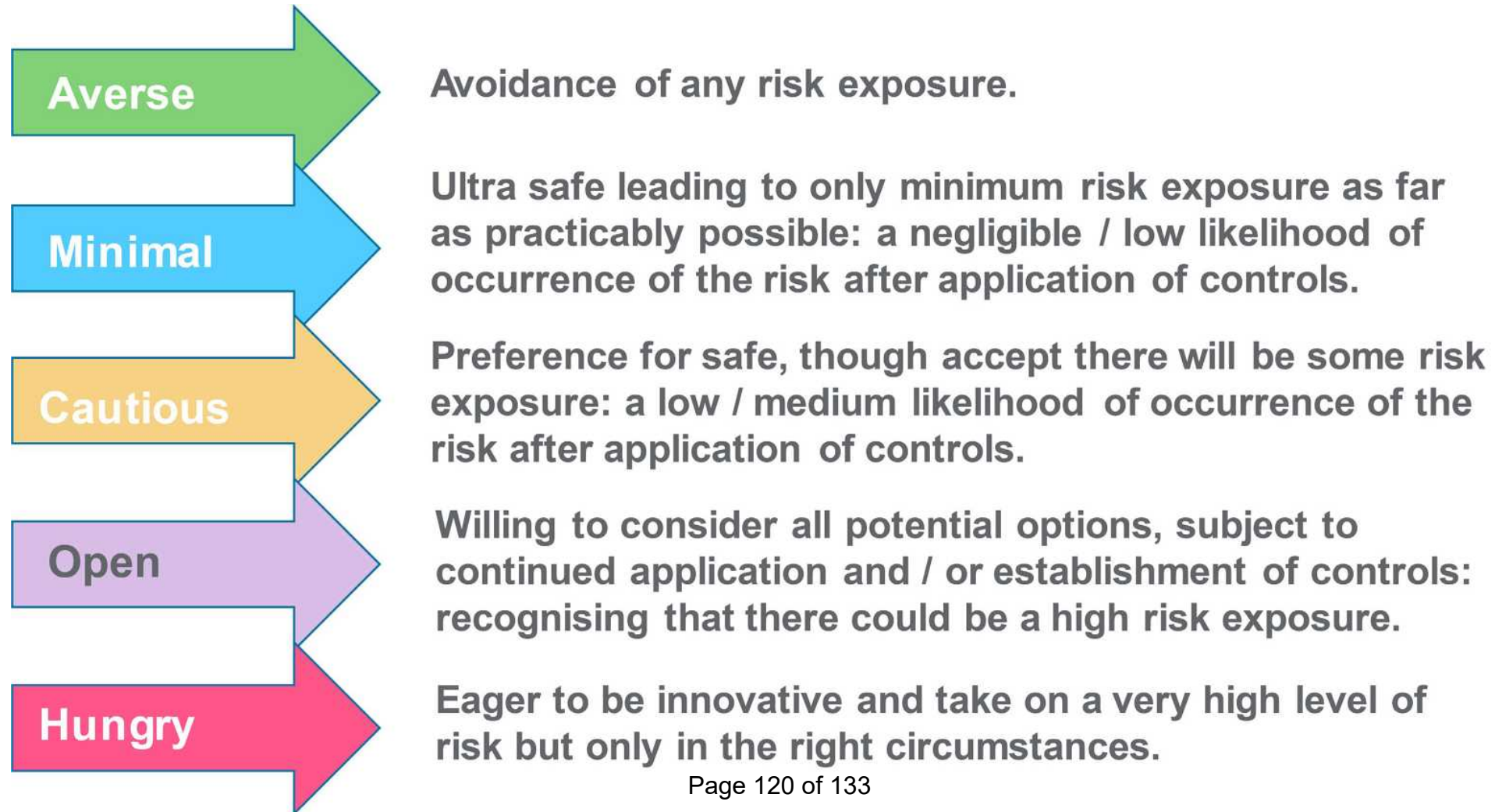
Example: Heat Map and Risk Details



Grid #	Risk Ref	Risk Title	Inherent Risk Score	Residual Risk Score	Target Risk Score
1	STR 2	Failure to achieve growth, increase turnover and the diversity of the organisations services in order to keep working towards the mission statement.	I = 5 L = 5 25	I = 5 L = 3 15	I = 4 L = 2 8
2	HR 2	Fail to recruit and retain staff	I = 5 L = 4 20	I = 4 L = 4 16	I = 1 L = 1 1
3	STR 1	Governance: Fail to ensure governance arrangements are accountable, appropriate & effective.	I = 4 L = 4 16	I = 4 L = 2 8	I = 3 L = 1 3
4	HR 1	Failure to recruit and retain good quality skilled staff.	I = 5 L = 4 20	I = 3 L = 2 6	I = 2 L = 1 2

Risk Management Pathfinder

Example: Risk Appetite Levels and Descriptions



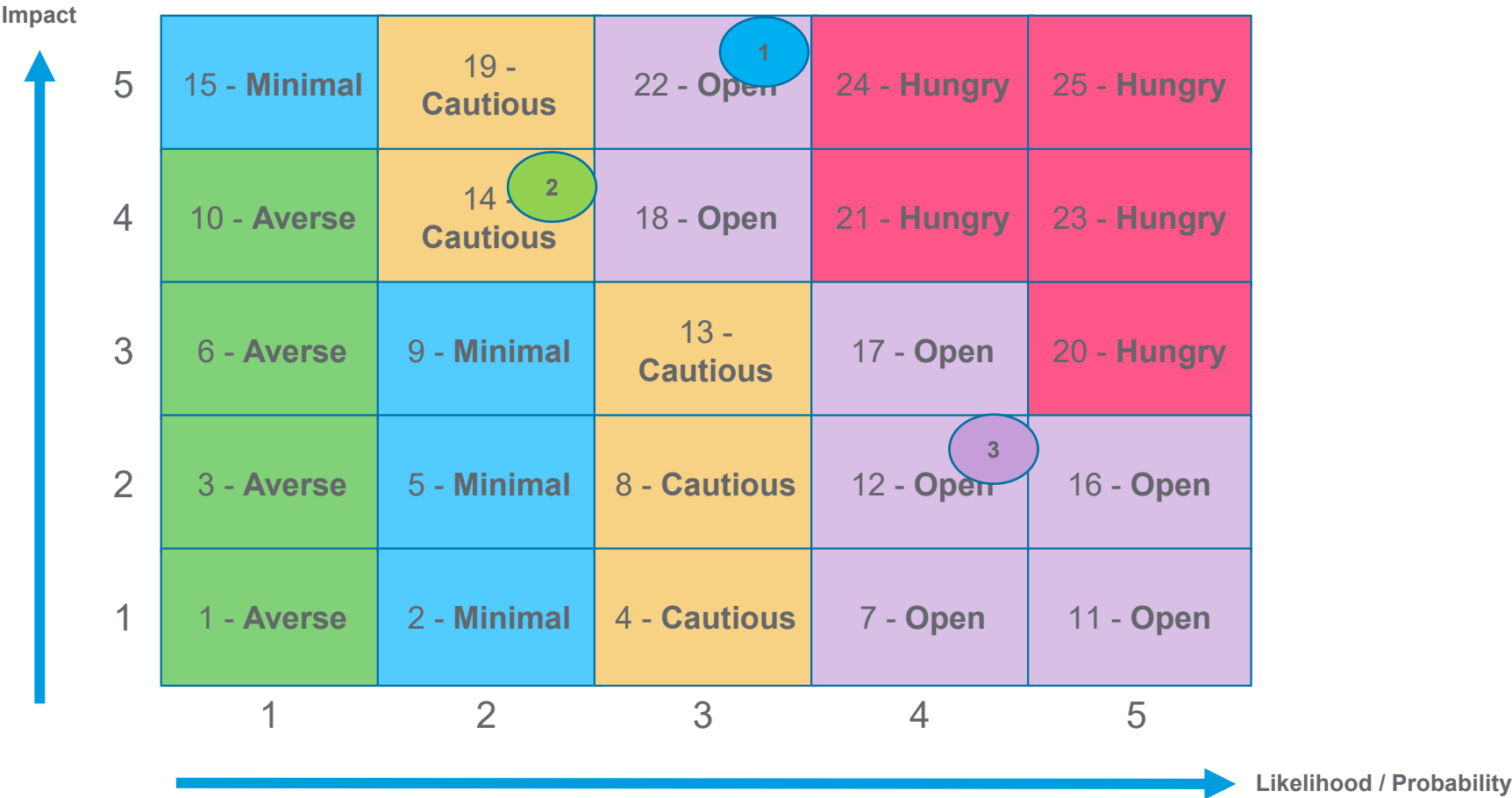
Risk Management Pathfinder

Example: Risk Appetite Themes with applicable Risk Appetite level

Risk Appetite Theme	Averse	Minimal	Cautious	Open	Hungry
Maintaining financial resilience					
Protecting our students and staff					
Ensuring quality, resilience and continuity of services					
Successful service transformation					
Managing our reputation					
Managing Development and growth					
Managing environmental / climate impact					
Embracing the regulatory framework					
Providing quality curriculum and services					

Risk Management Pathfinder

Example: Risks plotted by Appetite Theme V Risk Appetite Boundaries



Risk 1
Appetite Theme – Minimal
Outside of Appetite

Risk 2
Appetite Theme – Averse
Outside of Appetite

Risk 3
Appetite Theme – Open
Within Appetite

Senior Independent Director (or similar)

Considering how to resource and facilitate a risk management framework can be challenging for many organisations as finding the 'right' candidate with the appropriate skills, experience / sector knowledge and within budget is difficult.

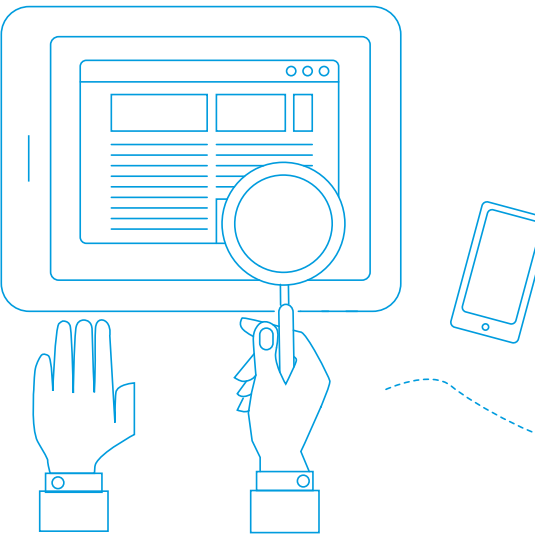
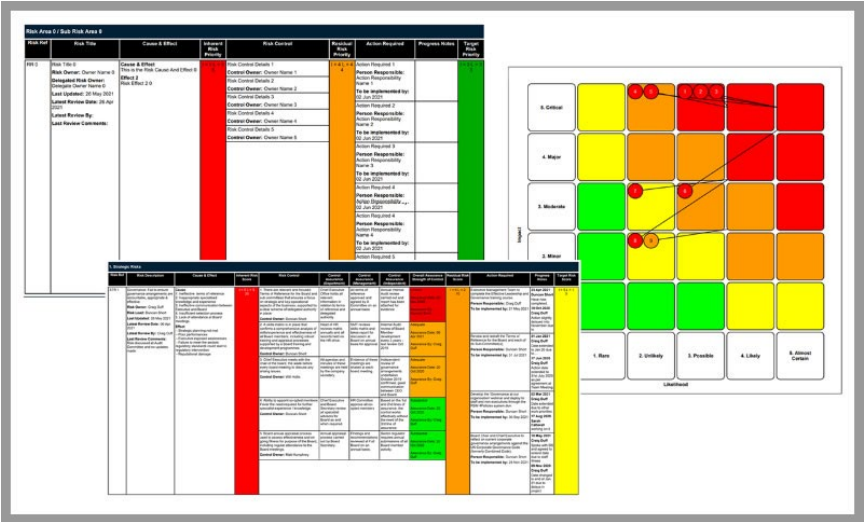
One solution to this is to develop a position similar to a Senior Independent Director within the public limited company arena. This role can often be cost effective for organisations and can be sourced with the appropriate skills and knowledge required to facilitate and challenge the risk management framework.

This role is a particularly effective element within a risk management framework as it is an independent role, i.e. free of any connections that may lead to a conflict of interest within the organisation, meaning that the ability to be objective and challenge remains strong.

It is suggested that this role could consist of the following for CPCA:

- Work closely with the Chief Executive and Mayor to provide risk advice and guidance on certain matters
- Providing risk insight and advice to the Executive Leadership Team as required
- Facilitate a quarterly check and challenge of the corporate risk register with Executive Leadership Team
- Attend the Performance & Risk Committee to provide advice and guidance and 'check and challenge'.
- Ensure that Directorate risk information is updated and to a suitable quality in terms of content
- Aid the interpretation of risk reports and advise on how these might be developed
- Guide and steer the risk management framework in conjunction with the Executive Leadership Team to ensure that it remains effective
- Develop, oversee and lead the risk deep dive programme.

Visibility & Oversight



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SCAN ME

STR 1 - Governance:

Fail to ensure governance arrangements are accountable, appropriate & effective.

Cause and Effect	Existing Controls	Action Required	Notes/Risk Events	Strength of Controls	History
Control Status: Existing					
Risk Control	Assurance Given	Assurance Date	Strength of Control	Assurance Line	
1. There are relevant and focused Terms of Reference for the Board and sub committees that ensures a focus on strategic and key operational aspects of the business, supported by a clear scheme of delegated authority in place	Yes	19/01/2021	Limited	Management	View Details
2. A skills matrix is in place that confirms a comprehensive analysis of skills/experience and effectiveness of all Board members, including robust training and appraisal processes supported by a Board training and development programmes	Yes	06/04/2021	Adequate	Overall Assurance	View Details
3. Chief Executive meets with the chair of the board, the week before every board meeting to discuss any arising issues.	Yes	20/10/2020	Adequate	Overall Assurance	View Details
4. Ability to appoint co-opted members if ever the need required for further specialist experience / knowledge.	Yes	20/10/2020	Substantial	Overall Assurance	View Details
5. Board annual appraisal process used to assess effectiveness and on going fitness for purpose of the Board, including regular attendance to the Board meetings.	Yes	20/10/2020	Substantial	Overall Assurance	View Details

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**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No:

Audit and Governance Committee - Work Programming Report

To: Audit and Governance Committee

Meeting Date: 30 September 2022

Public report: Public Report

From: Anne Gardiner
Governance Manager

Recommendations: The Audit and Governance Committee is recommended to:

a) Note the current work programme for the Audit and Governance Committee for the 2022/23 municipal year attached at Appendix 1

Voting arrangements: A simple majority of all Members

1. Purpose

- 1.1 To provide the Committee with the draft work programme for Audit and Governance Committee, for the 22/23 municipal year.

2. 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.

3. Financial Implications

- 3.1 None

4. Legal Implications

4.1 None

5. Appendices

5.1 Appendix 1 – A&G Work programme

6. Background Papers

6.1 None

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2022/23

Meeting Date 2021/22	Item	COMMENTS
30 th June 2022 Civic Suite, Huntingdonshire DC		
	Election of Vice Chair	
	Minutes of the previous meeting	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	CPCA Improvement Plan Update	
	Member/Officer Protocol	
Meeting Date	Item	Comment
Induction Session – 28 th July - to be rearranged		
29 th July 2022 Venue HDC		
	Minutes of the previous meeting	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	Combined Authority Board Update/Improvement Plan Update	To be provided by Gordon Mitchell, Interim CEx for the Combined Authority
	Corporate Risk Register	

Meeting Date 2021/22	Item	COMMENTS
	Internal Audit Progress report	
	Internal Audit Annual Report	
	Internal Audit Revised 22-23 Plan	
	Annual Financial Statements of Accounts	
	Trading Companies Update	
	Annual Governance Statement	
	Governance Review Update	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
30th September 2022 Venue HDC		
	Minutes	Standing item on the agenda for the Committee to agree the minutes from the last meeting
	Improvement Plan Update	
	Internal Audit Progress Report	

Meeting Date 2021/22	Item	COMMENTS
	Governance of Subsidiary Companies	
	Corporate Risk Register	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
2nd December 2022 Venue TBC		
DEVELOPMENT SESSION: Committee Integration at CPCA Review		
DEVELOPMENT SESSION: Project Management		
	Minutes	Standing item on the agenda for the Committee to agree the minutes from the last meeting
	Combined Authority Update / Improvement Plan	
	Corporate Risk register	
	Internal Audit Progress Report	
	External Audit – 21/22 Audit Plan	
	Treasury Management Strategy Review	

Meeting Date 2021/22	Item	COMMENTS
	Adult Education Budget Review	
	Climate Change Working Group Update	At the meeting in March the Committee requested that a further update be brought in six months' time outlining progress against the Plan with a focus on the Governance process and how it was operating.
	Lessons Learned Review	The Committee to reflect on its role and seek improvements on how information is received and how the behaviour of members is overseen as part of a 'lessons learned' agenda item
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
27th January 2023 Venue TBC (Reserve)		
	Combined Authority Board Update	
	Minutes	
	Corporate Risk register	
	External Audit – Annual Audit Letter	
	Internal Audit Progress Report	

Meeting Date 2021/22	Item	COMMENTS
	Treasury Management Strategy Update	
	‘Lessons learned’ item following the External Auditor’s intervention	
	Six monthly review of the Member Officer Protocol	
	Procurement Policy	
	Review of the Constitution	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
31st March 2023 Venue TBC		
	Minutes	
	Combined Authority Board Update	
	Improvement Plan Update	
	Corporate Risk register	
	Internal Audit Progress Report	

Meeting Date 2021/22	Item	COMMENTS
	External Audit – Annual Report	
	Information Governance Update	
	Assurance Framework	
	Treasury Management Strategy Summary	
	Audit Committee – Annual report	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.