



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM NO: 3.1
22 JULY 2019	PUBLIC REPORT

INTERNAL AUDIT: BUSINESS BOARD

1.0 PURPOSE

- 1.1 Internal Audit provide assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority and Business Board are appropriately managed, monitored and delivered in accordance with set governance, controls and risk management frameworks.
- 1.2 This report provides details of the outcomes from the review commissioned in relation to the Business Board which was considered by the Audit and Governance Committee on 31 May 2019.

<u>DECISION REQUIRED</u>	
Lead Officers:	Robert Emery, S151 Officer for the Business Board Steve Crabtree, Peterborough City Council
The Business Board is recommended: <ul style="list-style-type: none">(a) To consider the outcomes from the review of corporate governance of the Business Board together with the proposed actions for management to address any weaknesses identified (Appendix 1); and(b) To note that the S151 Officer will submit the Audit Report to the Cities and Local Growth Unit together with any comments of the Business Board.	

2 BACKGROUND

- 2.1 In March 2018 Audit and Governance Committee discussed and agreed the Internal Audit Plan for 2018 / 2019. In accordance with the agreed work programme for Internal Audit, the attached report provides an independent and objective opinion on the Combined Authority's effectiveness in managing risk management, governance and the control environment. All activities have been undertaken in line with Public Sector Internal Audit Standards, which Peterborough Internal Audit Service is fully compliant with. Peterborough City Council's Internal Auditors have been commissioned to undertake internal auditing functions for the Combined Authority including the Business Board.
- 2.2 LEPs must ensure that they have the proper processes in place to manage risk, maintain an effective control environment, and report on financial and non-financial performance.
- 2.3 The National Local Growth Assurance Framework requires:
 - (a) The Business Board to either establish an Audit Committee, or to utilise the Accountable Body's Audit Committee. The Combined Authority's Audit and Governance Committee's terms of reference has been amended to include the work of the Business Board;
 - (b) The Business Board and Accountable Body must agree an internal audit plan for the year. This should include a risk-based audit plan of Business Board activity that will provide assurance to the Section 151 Officer and the LEP Board at appropriate points through the year. LEPs should ensure that there are arrangements for funding audit activity. Following a completed audit where there are recommendations that relate to the LEP these should be reported back to the Board by internal audit. A copy must also be sent to the Cities and Local Growth Unit;
 - (c) Where serious concerns are encountered during the year, for example repeated non-compliance with legal requirements or fraud, then the Section 151 officer shall promptly raise these with the Cities and Local Growth Unit. Local resolution should be the first mechanism to resolve disputes, if this has been unsuccessful it should be raised with the Cities and Local Growth Unit; and
 - (d) Public funds managed by the Accountable Body will go through their external audit procedures, these will be risk-based which means that they may not receive an external audit every year.
- 2.4 Peterborough City Council's Internal Auditors have been commissioned to provide the internal audit function for the Combined Authority and the Business Board. EY provide external audit services to the Combined Authority.
- 2.5 With the amalgamation of the Local Enterprise Partnership into the Combined Authority from 1 April 2018, an Audit Plan was agreed with the S151 Officer and Chief Executive to review their governance arrangements as there would be an

expectation that they would closely mirror those of the Combined Authority. Following the release of a new national framework from Central Government, we have mapped those processes to establish compliance. Attached at **Appendix 1** is the Internal Auditor's final report. The report sets out the recommendations of the Internal Auditor, the management's comments and the agreed actions and the deadline for achieving those actions.

2.6 The Audit and Governance Committee considered and noted the attached report at its meeting on 31 May 2019.

2.7 The Business Board are now required to review the recommendations and to satisfy themselves that progress is being undertaken.

3 FINANCIAL IMPLICATIONS

3.1 The cost of undertaking Internal Audit activities is contained within the Combined Authority's budget and are set out within the Service Level Agreement. Any increase in the required audit coverage will be agreed with Peterborough City Council on an ongoing basis.

4 LEGAL IMPLICATIONS

4.1 The requirements of the National Local Growth Assurance Framework are set out above at paragraph 2.3.

5 SIGNIFICANT IMPLICATIONS

5.1 There are no direct wider CPCA implications arising from this report.

6 APPENDICES

6.1 Appendix 1: Internal Audit Report – LEP Governance

<u>Source Documents</u>	<u>Location</u>
National Local Growth Assurance Framework - The Framework for Mayoral Combined Authorities with a Single Pot funding arrangement and Local Enterprise Partnerships	https://www.gov.uk/government/publications/national-local-growth-assurance-framework