



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

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

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 29th March 2019

Time: 10am

Location: Huntingdonshire District Council

Present:

Mr J Pye	Chairman
Cllr Mac McGuire	Huntingdonshire District Council
Cllr Anthony Mason	South Cambridgeshire District Council
Cllr Nichola Harrison	Cambridgeshire County Council
Cllr David Seaton	Peterborough City Council

Officers:

Kim Sawyer	Interim Chief Executive
Anne Gardiner	Scrutiny Officer
Emma Powley	Interim Scrutiny Officer
Jon Alsop	Head of Finance
Noel O'Neil	Section 151 for Business Board
Steve Crabtree	Group Auditor (Peterborough City Council)

Others in attendance:

Ian Kirby	Programme Director CIPFA
Melanie Richardson	Associate Partner – Ernst & Young LLP, External Auditor

1. Apologies and Declarations of Interests

- 1.1 Apologies were received from Councillor Morris and Hay. There were no declarations of interests.
- 1.2 In accordance with the Combined Authority Constitution (Chapter 14 – Audit and Governance Committee (para 7.1 Annex 1)) it is stated that *'the membership of the Audit and Governance Committee is one member from each constituent Council and one independent person. (eight Members). The quorum is six members.* In this instance, two members had sent their apologies and had not been able to send their named substitute.
- 1.3 As no formal recommendations could be made the Committee resolved to receive a presentation from the Programme Director – CIPFA for information purposes taken out of order from the agenda.

2. Chairs Announcements

- 2.1 The Chair stated that he would write to the Councils about the tightness of the quoracy rules and the importance of attendance by members or their deputies. The inability of the Committee to conduct its full business reflected adversely on the Combined Authority's reputation.
 - 2.1a) Members of the Committee were asked if they would be in agreement to have a joint induction with the Members of the Overview and Scrutiny Committee.

AGREED: That members of the Audit and Governance Committee have a joint induction with members of the Overview and Scrutiny Committee in May 2019.
 - 2.1b) Members were requested to consider whether to hold future meetings at the Alconbury office or continue rotating around the constituent councils.

AGREED: That the Audit and Governance Committee would to continue to hold their meetings at constituent Councils.

3. Minutes

- 3.1 The minutes of the meeting held on the 30th November 2018 were agreed and signed by the Chair.

4a) Finance Review

- 4.1 The Programme Director (CIPFA) reported that he had been commissioned by the Combined Authority to undertake an independent assurance review related to the production of the Authority's 2019/20 budget.
- 4.2 The Committee received a presentation which provided a summary of the timelines and noted that the review was scoped to:
 - Review the process undertaken to complete the 2019/20 budget
 - Asses and/or test the assumptions that underpin it
 - Asses the governance in place to report, asses and, where appropriate, intervene in the delivery of the budget.

- 4.3 It was explained that the reporting process for the budget showed marked improvements between the draft and the final. Having reviewed the relevant documents and discussions with key officers, it was confirmed that CIPFA were satisfied that;
- a) The Authority had prepared and was in the process of signing off its 2019/20 Budget and Medium-Term Financial Plan (MTFP) in accordance with the policies and procedures outlined in the Constitution.
 - b) That the 2019/20 Budget's content including assumption and revenue/capital split were clear and appropriate
 - c) That the Authority has in place robust and comprehensive budget monitoring and reporting process and procedures that will now include regular reporting to the Combined Authority Board.

4.4 It was noted that there were no material findings or failings that had been identified as part of the review.

4.5 The Chair thanked the Programme Director for his presentation.

At this juncture of the meeting, Councillor Robertson joined the Committee. He explained that it was necessary for him to leave the meeting at 12 noon.

The Committee resolved that as they were quorate, they would take reports that required a formal decision in order before they became inquorate when Councillor Robertson had to leave.

4b) Internal Auditors Update Budget Review

- 4.6 The Internal Auditor submitted a report and elaborated thereon. He explained that the work carried out by the internal auditors differed greatly to that of CIPFA. It was noted that the Internal Audit provided assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority were appropriately managed, monitored and delivered in accordance with set governance and risk management frameworks.
- 4.7 The Committee were reassured that despite receiving assurance from the External Auditors, the Internal Auditors would only give assurance once they had independently carried out their review.
- 4.8 The Interim Chief Executive responded to questions asked of the Committee and explained that the Mayor had the authority to decide his staffing structure to deliver his priorities. It was noted that the Combined Authority could challenge the Mayoral expenditure but there had been majority vote in favour of the proposed staffing structure.
- 4.9 The Interim Chief Finance Officer reported that approved funding had been spent on building schemes and capital monies had been spent on acquiring roads. He further noted that the Combined Authority followed the CIPFA accounting code and that funding was sourced from central government.
- 4.10 In response to questions raised, the internal auditor reported that there were no areas where he would consider issuing 'no assurance'. The Chair noted that additional progress needed to be made on value for money (vfm) and the significance between capital and revenue needs,

- 4.11 The Interim Chief Finance Officer commented that if helpful for Members of the Committee, he could prepare a briefing note on the combined Authority's policy documents relating to the rules and regulations adhered to in the national policies, followed also by CIPFA.
- 4.12 The Committee noted that all monitoring reports were taken to the Combined Authority Board for review and transparency purposes.

6) Treasury Management

- 6.1 The Committee received an update on the development of the Combined Authority's draft Treasury Management Strategy for 2019/20. It was explained that the borrowing cap was set by Government and based on the Authority's ability to repay and it was noted that there was no intention for any borrowing in 2019/20.
- 6.2 The Committee raised some concerns about potential conflicts of interests of officers and members who were in position as private company Directors in receipt of loans and funding. It was explained that conflicts of interests would arise in all sectors but that the authority had a code of conduct in place for both officers and members and that it was necessary for there to be effective management of conflict of interests.
- 6.3 The Interim Chief Finance Officer explained that the Authority could lend money to constituent Councils and that each loan would have been to the Board for assessment prior to any loans being approved and a robust process in place.
- 6.4 Members requested that the next Treasury Management Report include information on the interest rates on loans.
- 6.5 **RESOLVED:**
- 6.6 That the development of the draft Treasury Management Strategy 2019/20 be noted.

7) External Audit Plan 2018/19

- 7.1 The Committee received the final audit planning report 2018/19 prepared by the External Auditors. The plan provided a summary of the external auditor's assessment of the key risks.
- 7.2 The Committee reviewed the risks identified and noted that they were pleased that the 'potential for accelerated delivery process' had been identified as a significant risk and as such, suggested that project management needed to be closely monitored.
- 7.3 The Interim Chief Executive explained that there were circumstances where some projects could be carried out more quickly by challenging processes and noted that the Authority had received money from the Government to achieve this. It was noted that an accelerated delivery process was not about cutting corners but about identifying different approaches and challenging external partners and agencies to avert delays in the delivery of specific projects.

- 7.4 Members requested that the Transport Team be invited to a future meeting of the Audit and Governance Committee to deliver a presentation on the accelerated delivery process including information on risk management.

RESOLVED:

That the Audit and Governance Committee received the final audit plan for 2018/19 and noted the planned audit fees for the year.

The Committee adjourned at 11.24am

The Committee reconvened at 11.29am

8 Draft Internal Audit Plan 2019/20

- 8.1 The Committee received a report which advised them of the development of the 2019/20 Internal Audit Plan for the Combined authority to facilitate Member input to the planning process. It was noted that the draft plan was based on current known factors and was based on Peterborough City Council providing 150 audit days. It was explained that internal audit activity would review Housing and Transport schemes along with Budget Management which would utilise the highest number of audit days.
- 8.2 Members questioned whether Grant Certification had been allocated adequate time and were assured by the Internal Auditor that it considered it reasonable time based on length of time it had been completed in the previous year. Members raised concerns Human Resources (HR) and the review of service provision. It was explained that Internal Audit had been tasked with examining the recruitment process; no assurance could be given for HR as there were a number of aspects that had prevented this, including the Employment Review.
- 8.3 The Interim Chief Executive explained that she had been tasked with undertaking a review of the staffing of the organisation and a proposal had been put forward. It was noted that there had been significant challenges as the Authority had taken on responsibility for the Adult Education Budget and had taken over the functions of the LEP and this had impacted on the staffing structure. It was reported that alongside the proposed new structure, a job evaluation and job descriptions had been provided for every staffing post. Despite having no HR manager in post, this had been completed with only 4 potential redundancies and significant savings

8.5 RESOLVED:

- 8.6 That the draft plans for 2019/20 were agreed and the resources proposed were noted.

14) Work Programme

- 14.1 Councillor Robertson announced that he would have to leave the meeting and this the meeting would be inquorate.

RESOLVED:

That the remaining reports on the agenda be deferred until the next meeting of the Audit and Governance Committee, those items being as follows:

Item 9 - Combined Authority Board Update

Item 10 - Business Board Governance Update
Item 11 - Corporate Risk Register Annual Review
Item 12 - Assurance Framework
Item 13 - Staffing Structure Update

15 Date of next meeting

- 15.1 That the next meeting be held on the 31st May 2019 at East Cambridgeshire District Council. A 3-hour period would be allocated to all future Audit and Governance Committee meetings.

The meeting concluded at: 11.59am.