



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

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

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 26th March 2018

Time: 10am

Location: Peterborough City Council

Present:

Mr J Pye
Cllr C Morris
Cllr K Aitken
Cllr R Robertson
Cllr A Hay

Chairman
East Cambs District Council
Peterborough City Council
Cambridge City Council
Fenland District Council

Officers:

Martin Whiteley
Kim Sawyer

Jon Alsop
Steve Crabtree
Anne Gardiner

Chief Executive Officer (CPCA)
Legal and Monitoring Officer –
Cambridgeshire and Peterborough
Combined Authority (CPCA)
Interim Project Accountant
Chief Internal Auditor – PCC
Scrutiny Officer - CPCA

Others in attendance:

Suresh Patel
Kay McClennon

Executive Director – Ernst & Young LLP
Ernst & Young LLP

1. Apologies and Declarations of Interests

- 1.1 The Chairman welcomed the Chief Executive Officer, Martin Whiteley.
- 1.2 Apologies were received from Cllr B Chapman, Cllr N Harrison and Cllr D Seaton, (substituted by Cllr K Aitken.)
- 1.3 No declarations of interest were made.

2. Minutes of the meeting held on 18th December 2017

- 2.1 The minutes of the meeting held on the 18th December were agreed as a correct record.
- 2.2 The Chair went through the Action sheet attached to the minutes and advised that all actions had been completed but asked if the number of FOI and Complaints received by the Combined Authority could be reported to the next meeting and was advised that these would be included in the Annual Report.

3. Combined Authority Board Update

- 3.1 The Chairman welcomed the Chief Executive, Martin Whiteley and invited him to provide the committee with an overview of the Combined Authority activities.
- 3.2 The Chief Executive highlighted the following points:-
 - The Combined Authority continues to be successful in attracting new forms of finance to the area.
 - The Combined Authority received £74m from the Reforming Cities Fund, this was allocated on a capita basis and it shows how much Combined Authorities are the governments place for investment. The Combined Authority also received extra funding for capacity, £1m this year and £1m next year. The Combined Authority's bid for housing investment for the Cambridge North East Project had successfully been progressed through to the next round.
 - The Combined Authority had received the final position on the Adult Education budget.
 - The Combined Authority position remains strong and the Chief Executive expected that the organisation would continue to secure funding into the area.
 - The strategic framework was becoming established and the Combined Authority was now turning its mind to investment.
 - The Combined Authority was more confident in securing private investment into the area and would require strategic financial partners to secure the projects.
 - The Combined Authority would continue to pursue land value capture and had made a submission to the relevant select committee and had secured legal advice on how land value cap model could work in the area without

primary legislation – this would come to the Audit and Governance committee at the appropriate time.

- On the 19th December 2017 the current members of the LEP Board resigned. There had been a successful winding up of the LEP company which would conclude in April and the accountable body status would transfer to the Combined Authority. The total amount of assets, a sum of £28m would transfer over from the LEP at this time and a further £14m was due to come which meant a total of £42m of capital sums for investment in projects.

In response to a question on processes and procedures and the appointment of consultants and of interim posts the Chief Executive made the following points:

- The appointment of consultants was done in conjuncture with a network of partners across the area; the terms of reference for each brief were made publicly available. The papers for each stage for developing the projects were brought to each Board meeting to show compliance to the assurance framework. The framework was used as a means to procure consultancy services; alternatively, the Combined Authority utilised teams at Cambridgeshire County Council and Peterborough City Council to undertake procurement on behalf of the authority.
- An Employment Committee had been established to oversee the process of recruiting senior officers; the committee would be agreeing the process for appointing the corporate directors this week. The appointment of interim directors was done after an interview process had been carried out by the Chief Executive, the relevant portfolio holder and an HR representative. Levels below the director role were made by the CEO to ensure that there was capacity in the short term.
- The only difference to this process was the Mayor's Chief of Staff which according to the legislation the Mayor was entitled to select rather than follow a recruitment process.
- The Combined Authority Board approved the recruitment of a Chief Finance Officer in December and this Wednesday would approve the process for the recruitment. It was hoped that by the end of July an appointment would be made.

3.3 The Chairman thanked the Chief Executive for attending to provide an update and asked him to return at a future date to keep the committee updated.

4. Treasury Management Strategy Review

4.1 The Committee received the report from the Interim Project Accountant which asked the committee to review and comment on the Combined Authority's draft Treasury Management Strategy for 2018/19.

4.2 Once the Treasury Management Strategy had been approved by the Board it would give the Combined Authority the ability to move the money to an area that would increase the yield on the return.

4.3 Local Authority investments were all done through Peterborough City Council

who followed the appropriate codes and local authorities were considered good risks with everything done in accordance with treasury advice to ensure risks were minimal.

4.4 The Committee would receive three updates on the Treasury Management strategy each year.

4.5 The Committee agreed to add to the recommendations that:

'The Combined Authority should undertake an immediate review of its investment strategy and risk appetite to maximise the yield based on expert advice. The results from the review should be reported back to the committee.'

4.6 The Committee reviewed the Combined Authority's draft Treasury Management Strategy for 2018/19 and noted that a final version will be taken to the Combined Authority Board as part of the Combined Authority's Medium Term Financial Strategy.

5. Internal Audit Plan 2018/19

5.1 The Committee received the report from the Internal Auditor which set out how Internal Audit will look to support the Committee.

5.2 The key focus for the next year would be to consider the Treasury Management Strategy and to get into the specific schemes as they start to get commissioned.

There may be some actioning for the audit of the LEP which would be brought as part of future updates to the committee.

Governance would be looked at and it would follow the Cambridgeshire County Council and Peterborough City Council processes

5.3 The Committee agreed the draft plans for 2018 / 2019 noting the resources proposed.

6. Internal Audit – Progress Report

6.1 The Committee received the report from the Internal Auditor which 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, controls and risk management frameworks.

6.2 Some gaps had been identified which had led to a report being sent to the Chief Finance Officer and Legal Officer for acknowledgement and action, however, many of the concerns raised were being dealt with and polices had been put in place.

The Internal Auditor would continue to monitor the situation to ensure polices were being followed and if any concerns were raised these would be brought to the committee.

In response to a query raise by Cllr Aitken the committee were advised that if further resources were required to audit the Combined Authority then the authority would ask Peterborough City Council to employ the appropriate staff.

The external auditor advised the Annual Governance Statement would need to reflect the gaps identified by the internal auditor's report to ensure transparency.

6.3 The Committee noted the review of the governance arrangements within the Combined Authority.

7. External Audit – Final Audit Plan 2017/18

7.1 The Committee received the report from the External Auditors, Ernst and Young which outlined the final 2017/18 Audit Plan.

7.2 The external auditor made the following points:-

- The involvement of the LEP was no longer considered a risk as it did not fall within this financial year.
- The external auditors had confidence in the finance team to deliver the draft accounts in the timeframe required.
- In regard to materiality the figures were changing but final figures would be provided by the workshop in May.
- They had identified some gaps and would be going through the evidence the authority had provided to explain gaps; conclusions should be made in the next couple of weeks.

The Committee agreed that they would use the informal meeting arranged for May to go through the internal and external audits as an additional check for the Combined Authority.

7.3 The Committee agreed that the final version of the External Audit Plan for 2017/18 was aligned with the Committee's expectations, and that the committee would run through both internal and external audit reports at the informal May meeting.

8. Risk Management Strategy & Corporate Risk Register

8.1 The Committee received the report which outlined the corporate risk strategy and the corporate risk register.

8.2 It was noted that the Audit & Governance Committee should not approve the registers but recommend the adoption to the Board.

8.3 Members raised concerns around the layout of the registers and requested that these be amended to show the risks in order of risk level and that it should show residual risk category.

8.4 The Committee were advised that the registers were under development and would be brought back to the July meeting.

8.5 The Committee considered the policy and approach outlined in the Corporate Risk Strategy and the associated corporate and project registers and noted the aims and objectives of the risk management strategy.

The Committee agreed to recommend the adoption of the Corporate Risk Strategy by the Combined Authority Board.

9. Anti-Fraud, Bribery & Corruption Policy

9.1 The Committee received the report which set out the Anti-fraud, Bribery and Corruption Policy and Strategy Statement.

9.2 It was noted by the committee that there were a number of new policies that needed to be imbedded into the authority including the anti-fraud, bribery and corruption policy.

9.3 Any matters regarding fraud would be reported back to the committee in the annual report.

9.4 The Committee agreed to:

(a) Note the policy and strategy outlined in the Anti-fraud, Bribery and Corruption Policy and Strategy.

(b) Note the aim of the policy and strategy is to take firm action in all cases in accordance with relevant policies and procedures and take the steps outlined in the statement to minimise the incidence of, and losses to, fraud and bribery.

10. Governance Framework for Market Towns Masterplan

10.1 The Committee received the report which provided clarification around the governance for the process around the delivery of the Market Towns Masterplans.

10.2 The Committee agreed that the following wording should be added to the guidance provided by the Combined Authority:

‘The Combined Authority expects and encourages the partnership team will appoint in a transparent manner and adhere to the outside bodies policies outlined in the relevant constituent councils constitution.’

10.3 The Committee noted the governance arrangements in place for Market Town Masterplans.

11. Code of Corporate Governance

11.1 The Committee received the report which outlined the Corporate Governance Code and Framework.

11.2 The Committee were advised that the plan was to draw the processes together and include the LEP to ensure everything across the two companies was covered.

A Single Corporate Framework to be adopted across the county councils was the goal but this had been delayed due to the work involving the LEP.

11.3 The Committee commented on and noted the Corporate Governance Code and Framework and agreed that the Combined Authority Board approve and adopt the Corporate Governance Code and Framework.

12. Whistleblowing Policy

12.1 The Committee received the report which outlined the Combined Authorities Whistleblowing Policy.

12.2 It was noted that it was very important to ensure that senior officers investigate any complaints.

The guidance issued by Mary Ney review suggested that the officer for issues to be reported to should be the Chief Executive Officer or the Chief Finance Officer.

The Committee agreed that a lays statement should be produced and added to the website for staff to understand more clearly where to report concerns to.

12.3 The Committee commented and noted the proposed whistleblowing policy and the confidential reporting of complaints policy for third parties.

The Committee agreed that the combined authority board approve and adopt the whistleblowing and confidential reporting of complaints policy and that a lays statement should be produced and added to the website for staff to understand more clearly where to report concerns to.

13. Work Programme

13.1 The Committee received the report which provided the draft work programme for Audit and Governance Committee for the remainder of the 2018/19 municipal year.

13.2 The Committee agreed to add the following to the work programme:

Annual Review of effectiveness of committee – Annual Report to the Board which would cover the business and effectiveness and review the Terms of Reference for the Committee to be added to the programme for July.

Election of Vice Chair would be added to the July programme.

14. Date and Location of the Next Meeting

14.1 The Committee agreed the next public meeting shall be on July 20th - venue to be confirmed.

The Committee would meet informally on the 22nd May to view the draft accounts at Huntingdonshire District Council.

Meeting Closed: 11:53am.