



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY – DRAFT MINUTES

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 18th December 2017

Time: 10am

Location: Fenland District Council

Present:

Mr John Pye
Cllr C Morris
Cllr D Seaton
Cllr Robertson
Cllr C Seaton
Cllr Harrison

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

Officers:

Kim Sawyer

Brian Madden
Jon Alsop
Steve Crabtree
Anne Gardiner

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

Others in attendance:

Suresh Patel
Amalia Valdez Herrera

Executive Director – Ernst & Young LLP
Ernst & Young LLP

1. Apologies and Declarations of Interests

- 1.1 The Chairman welcomed the Mayor of the Combined Authority.
- 1.2 Apologies were received from Cllr Fraser and Cllr Chapman.
- 1.3 The Chairman advised the committee that the CA was in the process of recruiting a permanent s.151 officer. Adverts have been approved and the necessary processes put in place. The recruitment would begin in the new year. Several interviews had been conducted for an interim s.151 officer but to date, no suitable candidate had been identified. The Chief Executive and Monitoring Officer met regularly with two experienced finance officers to monitor the financial position and the Audit and Governance Committee would provide the oversight for that position.
- 1.4 No declarations of interest were made.

2. Minutes of the meeting held on 21st September 2017

- 2.1 The minutes of the meeting held on the 21st September were agreed as a correct record.

3. Combined Authority Board Update

- 3.1 The Chairman welcomed the Mayor and invited him to provide the committee with an overview of the Combined Authority activities for the last six months.
- 3.2 The Mayor highlighted the following points:-
 - The Combined Authority was an opportunity to do things differently; it was important to recognize that the Combined Authority was a delivery body not another local authority.
 - The Combined Authority would be a lean organisation which would have a staff of fewer than 20 people.
 - There had been some unexpected issues that the Combined Authority had had to deal with such, as the situation with the Greater Cambridgeshire Greater Peterborough Enterprise Partnerships. This had been handled transparently and would hopefully result in a better integrated system that would solve staffing problems and remove the duplication of services..
 - The Combined Authority was a fast moving organisation; reports that were brought forward under the 100 day plan were already coming to fruition, such as the Mass Rapid Transport and the A10 study.
 - The Mayor outlined how he had been involved in talks with investors and central government who were keen to be involved with the authority.
 - The Combined Authority was unique and did not fall naturally into the defined tag of a metro mayor system. The Cambridgeshire and Peterborough area had a strong economy which needed to be harnessed.

- There was a real opportunity to attract significant investments from the private sector.
- The Mayor felt that having a core staff and high levels of consultants was the way forward for the Combined Authority.
- The post of the Section 151 officer needed someone with a deep understanding of high level financial matters and ability to work with international investors.
- The Mayor gave his commitment that the Combined Authority would ensure it was transparent in all its activities.

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

4. Internal Audit Update

4.1 The Committee received the report from the Chief Internal Auditor which outlined the ongoing review of the governance arrangements within the Combined Authority.

4.2 Cllr Harrison asked whether the Code of Conduct could be reviewed as it seemed too lightweight in comparison to the Code of Conduct of other local authorities. The Monitoring Officer advised that the Combined Authority favoured a less complex code. The Code of Conduct would be included within the 'governance' review and she would discuss the need for any amplification with the Chief Internal Auditor.

4.3 The Chief Internal Auditor would bring a report back to the Audit and Governance Committee with a further update on the review in March.

4.4 The Chairman said that the Overview and Scrutiny Committee had been seeking a review of the consultants used by the Combined Authority. Members of the committee asked that governance review look at the broad range of procurement activities, including the processes used to hire consultants.

The Chairman advised that it was important that the work of the Overview and Scrutiny Committee and the Audit and Governance Committee did not overlap. He would be meeting with the Overview and Scrutiny Committee Chairman in the New Year to help establish a common understanding of the respective remits.

4.5 The Committee noted the report.

5. External Audit 2016-17 Annual Audit Letter

5.1 The Committee received the report which asked the committee to note the Annual Audit Letter, as prepared by Ernst and Young following the completion of their 2016/17 audit.

5.2 The Committee noted the report.

6. Audit Plan 2017/18

- 6.1 The Committee received the report which asked for the approval of the 2017/18 Audit Plan as prepared by Ernst & Young LLP. It would be necessary to align the Audit and Governance Committee meeting dates and work programme with the new statutory deadline for approval of the Statement of Accounts.
- 6.2 The external auditors outlined the three main risks in the report; the first two risks were common risks for all organisations and the third risk was the change of deadlines which the committee needed to be aware of.
- 6.3 There would be a workshop in May which would provide the committee an opportunity to review the draft statement of accounts.
- 6.4 A question was asked around the Planning Materiality. The committee were advised that this was a common approach taken by external auditors to make judgements. As the materiality had been set at the top end of the range this meant the auditors felt there was currently a low risk.
- 6.5 As a result of the earlier external deadlines being moved, there would be more estimated figures used which did create more risk; however, this should be mitigated by the committee having early sight of the accounts. If there was anything significant that could have an effect on the estimates this would be discussed with the committee.
- 6.6 Risks around the Mayor operating without appropriate arrangements in place or the absence of the Section 151 Officer would be reflected in the risk audit carried out by the external auditor.

Currently the external auditors had good engagement with the finance officers and were satisfied with the interim arrangements.

- 6.7 The Chairman requested that he be consulted if the external auditors did develop any concerns.
- 6.8 The Committee received and considered the External Audit Plan for 2017/18.

The Committee noted the planned audit fees for the year and noted the changes in statutory deadlines for the preparation of draft accounts and publishing of audited accounts.

The Committee approved the proposal to hold an informal workshop in mid-May to discuss and comment on the draft accounts 2017/18.

7. Members Code of Conduct: Procedure for Hearings by the Audit Committee

- 7.1 The Committee received the report which outlined a process for dealing with complaints about the Mayor, members of the combined authority, or members of combined authority committees.
- 7.2 The Legal Counsel and Monitoring officer advised that most complaints were resolved during the early stages, following informal discussions with the member and the complainant.

- 7.3 An annual report would be brought to the committee outlining the number of complaints received.
- 7.4 The Chairman asked if all members of the Combined Authority had signed the Code of Conduct and was advised that all members should have signed this as part of the register of interest and officers would check to ensure this was completed.
- 7.5 The Chairman asked if the process for how members were appointed to the hearings panel could be made clearer.
- 7.6 Once the Independent person had been appointed the Committee requested that they attend one of Audit and Governance Committee meetings.
- 7.7 The Committee reviewed the process for dealing with complaints about the Mayor, Members of the Combined Authority or its Committees for breach of the Code of Conduct. They recommended that the Combined Authority Board amend the constitution to include the member complaints procedure;

The Committee noted the process for recruiting an Independent Person for Complaints with a proposed allowance of £250 per annum.

8. Complaints Procedure

- 8.1 The Committee received the report which asked the committee to comment on the proposed corporate complaints procedure for the combined authority
- 8.2 The Committee noted the proposed complaints procedure for the combined authority as set out in Appendix 1; the Monitoring Officer had delegated authority to make any changes recommended by the Local Ombudsmen or the Audit and Governance Committee.

The Committee recommends:

- (a) that the combined authority board approve and adopt the complaints procedure
- (b) that the combined authority notifies the local ombudsman of its decision to approve and adopt the complaints procedure.

9. Freedom of Information (FOI) and Data Protection Policy

- 9.1 The Committee received the report which asked the committee to note the action taken to comply with freedom of information legislation.
- 9.2 There was an intention to have a publication scheme with the aim to publish as much information as possible.

Members requested that it was made clear in the policy whether there was the intention to publish FOI responses online.

- 9.3 FOI and data Protection requests were being handled by the Democratic Service staff.
- 9.4 The Chairman requested that the number of FOI requests received be included in the annual report brought to the committee.

9.5 The Committee is agreed to:

- (a) note the Data Protection Policy at Appendix 1.
- (b) note the Freedom of Information Policy at Appendix 2.
- (c) Note publication scheme listing the types of information that is available or will be made available on the Combined Authority website at Appendix 3
- (d) Recommend that the combined authority Board approves Appendices 1, 2 and 3

10. Treasury Management Strategy

10.1 The Committee received the report which outlined the Combined Authority's draft Treasury Management Strategy for 2018/19.

10.2 The following points were raised during the discussion: -

- Current version was limited in scope as it was drafted before Combined Authority had any capital programmes. The 2018/19 version had been expanded to include the borrowing powers of the Combined Authority.
- Currently Peterborough City Council invest on behalf of the Combined Authority
- Each capital project goes through a budget allocation and approval process with the Combined Authority Board. It was difficult to determine borrowing requirements for investments where there was uncertainty on the amounts and timing of the required funds. The Combined Authority was trying to establish current and future borrowing and investment profiles.
- Substantial funding had been received for the housing programmes. the CEO expected that in January 2018 the Combined Authority would have a strong profile of delivery against those programme and therefore a much stronger understanding around capital deployment. Papers would be coming to the Combined Authority Board regarding this.
- The other two areas of major capital were the transport projects and the Peterborough University.
- The CEO advised that all feasibility studies for transport schemes had been commissioned and in 9-12 months the Combined Authority would have a view on the feasibility of those projects and the likely delivery of those into capital programmes.
- The final business case for the Peterborough University would come to the Board in December 2018. It was expected that it would include a view on funding strategy and timelines for the university, which might involve tens of millions of pounds.
- The Combined Authority was accountable to the DCLG to ensure it had delivered value for money. The role of the committee was to ensure systems were in place to allow for this.

10.3 The Committee members debated the need for the Treasury Management Strategy to be bolder, with some members feeling it should remain as proposed in the report while others felt it needed to take more risks.

- The Committee requested that the report return in March with two alternative options for the committee to consider and make recommendations on to the Board on the Treasury Management Strategy.

10.4 The Committee requested that advisor attend the March meeting to provide a development session on this topic to help inform the committees decision.

10.5 The Committee reviewed the Combined Authority's draft Treasury Management Strategy for 2018/19 and note that an updated version would be brought back to the next Committee meeting to take account of any changes prompted by the DCLG November 2017 consultation.

11. Assurance Framework

11.1 The Committee received the report from the Strategic Financial Advisor which outlined the progress to date on key areas of the review of the Assurance Framework and the Monitoring and Evaluation Framework.

11.2 The following points were raised:-

- There was major new investment coming into the Combined Authority; organisational changes which will have a significant effect on the structure of the organisation.
- The Combined Authority wanted to avoid duplication of roles and envisaged an organisation capable of monitoring and managing others.
- There was a perception the Combined Authority was another level of bureaucracy which needed to be corrected;
- It was important that work proceeded in a way that helped the public could understand the role of the Combined Authority.

11.3 The Committee asked that the report for the next meeting provided an insight of progress in developing the process that comprised the assurance framework.

11.4 The Committee noted the progress on the review of the implementation of structures and systems for the procurement and project management of capital projects in accordance with the requirements of the Assurance and the Monitoring and Evaluation Frameworks. It also noted the matters arising and the work underway to ensure the requirements of the Frameworks were fulfilled as options are considered, selected and implemented.

12. Work Programme

12.1 The Committee received the report which provided the draft work programme for Audit and Governance Committee for the remainder of the 2017/18 municipal year.

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

- Update on the Assurance Framework Process
- An annual report on the number of complaints and FOI request received.
- Development session be held before the March meeting on the Treasury Management Strategy. The agenda then to include a report to come with options for the committee to consider.

13. Date and Location of the Next Meeting

13.1 The Committee agreed the next meeting would be held at Peterborough City Council on the 26th March at 10am' The development session on Treasury Management would take place beforehand, starting at 9.15am.

Meeting Closed: 12:10pm.

Audit and Governance Committee – Action Log 18/12/17

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|------------|--|------------------------|------------|--|
| 18/12/2017 | Update on Internal Audit Governance Review to be given at March meeting | Steve Crabtree | 26/03/2018 | |
| | Chairman to meet with O&S Chairman | John Pye/Anne Gardiner | 26/03/2018 | |
| | Informal workshop date in May to be arranged for committee to view draft accounts | Anne Gardiner | 26/03/2018 | |
| | Report to be brought to committee outlining the number of complaints and FOI requests received by the Combined Authority | Kim Sawyer | 26/03/2018 | |
| | A report to come to the March meeting with two alternative options for the committee to consider and make recommendations on to the Board on the Treasury Management Strategy. | Jon Alsop | 26/03/2018 | |
| | Advisors for the Treasury Management Strategy to attend the Audit Committee meeting in March to give a developmental session for the members prior to the public meeting. | Jon Alsop | 26/03/2018 | |
| | Further report on the Assurance Framework to be brought to the Audit Committee in March | Brian Madden | 26/03/2018 | |