



## Appendix 5

### **AUDIT & GOVERNANCE COMMITTEE - Decision Summary**

**Meeting:** 29 March 2019

**Agenda/Minutes:** [Audit and Governance](#)

Chair: John Pye (Chair and Independent Person)

Summary of decisions taken at this meeting

<b>Item</b>	<b>Topic</b>	<b>Decision <i>[None of the decisions below are key decisions]</i></b>
1.	Apologies and Declarations of Interests	Apologies were received from Councillors Morris and Hay.  No declarations of interest were made.
2.	Chairs Announcement's	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

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		<p>Members of the Committee were asked if they would agree to have a joint induction with the Members of the Overview and Scrutiny Committee. The 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.</p> <p>Members were requested to consider whether to hold future meetings at the Alconbury office or continue rotating around the constituent councils. The Committee agreed that the Audit and Governance Committee would continue to hold their meetings at constituent councils.</p>
3.	Minutes of the meeting held on 30 <sup>th</sup> November 2018	The minutes of the meeting held on the 30 <sup>th</sup> November 2018 were agreed as a correct record.
4a)	Finance Review	<p>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.</p> <p>The Committee received a presentation which provided a summary of the timelines and noted that the review was scoped to:</p> <ul style="list-style-type: none"> <li>• Review the process undertaken to complete the 2019/20 budget</li> <li>• Asses and/or test the assumptions that underpin it</li> <li>• Asses the governance in place to report, asses and, where appropriate, intervene in the delivery of the budget.</li> </ul> <p>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;</p>

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		<p>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.</p> <p>b) That the 2019/20 Budget's content including assumption and revenue/capital split were clear and appropriate</p> <p>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.</p> <p>It was noted that there were no material findings or failings that had been identified as part of the review.</p> <p>The Chair thanked the Programme Director for his presentation.</p>
4b)	Internal Auditors Update Budget Review	<p>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.</p> <p>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.</p> <p>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.</p>

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		<p>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.</p> <p>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,</p> <p>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.</p> <p>The Committee noted that all monitoring reports were taken to the Combined Authority Board for review and transparency purposes.</p>
5.	Internal Audit Progress Report	The Committee received and noted the report from the Head of Finance which provided the Audit and Governance Committee with an update on the Combined Authority (CPCA)'s Treasury Management and requested that the cost of the strategy be factored into the next report.
6.	Treasury Management	The Committee received and noted the report from the External Auditor which provided the 2018/19 Outline Audit Plan as prepared by Ernst & Young LLP (EY).
7.	External Audit Progress Report	<p>The Committee received the report from the Interim Monitoring Officer which outlined provided them with the factual background relating to the circumstances of the resignation of the former Chief Executive.</p> <p>The following points were made:-</p>

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		<ul style="list-style-type: none"> <li>• The External Auditor reported that the Interim Monitoring Officer had provided requested information relating to the Chief Executive's departure and subsequent severance. Based on this information the external auditor had concluded that the Combined Authority had acted lawfully and reasonably.</li> <li>• The Committee was advised that the Mayor had the authority to get external legal advice and commit the authority to expenditure as he had the general power of competence which was set out in the legislation.</li> <li>• Under the Localism Act 2011 the Mayor like other local authorities had to work within the budget set by the authority.</li> <li>• The Committee was assured by the external auditors that the severance package provided to the Chief Executive Officer was reasonable.</li> </ul>
8.	Internal Audit Plan	The Committee received and noted the report from the Assurance Manager which asked the committee to review the Combined Authority Corporate Risk Register and suggest any changes they would like to put forward as a recommendation to the Board.
9.	Combined Authority Board Update	This item was deferred to the next meeting of the Audit and Governance Committee due to the meeting becoming inquorate.
10.	Business Board Governance Update	This item was deferred to the next meeting of the Audit and Governance Committee due to the meeting becoming inquorate.
11.	Corporate Risk Register Annual Review	This item was deferred to the next meeting of the Audit and Governance Committee due to the meeting becoming inquorate
12.	Assurance Framework	This item was deferred to the next meeting of the Audit and Governance Committee due to the meeting becoming inquorate

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13.	Staffing Structure Update	This item was deferred to the next meeting of the Audit and Governance Committee due to the meeting becoming inquorate
14.	Work Programme	This item was deferred to the next meeting of the Audit and Governance Committee due to the meeting becoming inquorate
15.	Date of Next Meeting	The Committee agreed the next meeting shall be held on 31 <sup>st</sup> May 2019 at East Cambridgeshire Council.