



**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON THURSDAY, 6 APRIL 2017 AT COMMITTEE ROOM A, WELLINGTON
HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Roger Marsh OBE (Chair)	Leeds City Region Enterprise Partnership
Councillor Andrew Carter CBE	Leeds City Council
Councillor David Sheard	Kirklees Council
Councillor Tim Swift	Calderdale Council

In attendance:

Steve Appleton	Mazars Auditors
Mark Kirkham	Mazars Auditors
Russell Gott	WYCA
Angela Taylor	WYCA
Ruth Chaplin	WYCA (Democratic Services)

27. Chair's Comments

The Chair welcomed Councillor Swift to his first meeting.

28. Apologies for Absence

There were no apologies for absence.

29. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared by members at the meeting.

30. Exclusion of the Press and Public

There were no items on the agenda requiring exclusion of the press and public.

31. Minutes of the Meeting of the Governance and Audit Committee held on 1 December 2016

Resolved: That the minutes of the meeting held on 1 December 2016 be approved.

32. External Audit Matters

The Committee considered a report of the Director, Resources which provided information on:

- The proposed response to Mazars with regard to fraud and legal compliance with reference to the 2016/17 audit.
- Mazars audit planning for the 2016/17 audit.
- Progress in appointing auditors for future years following approval to progress this with Public Sector Audit Appointments Ltd (PSAA).

The Committee discussed the proposed response to Mazars as part of the year end reporting process in respect of fraud and legal compliance. It was agreed that a formal statement confirming there had been no significant breaches (or otherwise) of internal control would be provided to the Committee on a quarterly basis. Members asked for further detail on the definition of “significant” and what constituted a breach of compliance.

Mazars’ Audit Strategy Memorandum was presented by Mark Kirkham and Steve Appleton. This set out their planning for the 2016/17 year end audit, key risks and further information on how the audit will be approached.

Members noted the update on progress with the appointment of auditors for 2018/19 through Public Sector Audit Appointments Ltd (PSAA) which was outlined in the submitted report. A consultation process would be undertaken with individual authorities to appoint auditors before the statutory deadline of 31 December 2017 and the first year of the national scheme’s operation would be for audit of the 2018/19 accounts.

Resolved:

- (i) That the draft response to fraud and legal compliance attached at Appendix A to the submitted report be approved.
- (ii) That the Audit Strategy Memorandum from Mazars be noted.
- (iii) That the next steps in the appointment of auditors for 2018/19 be noted.

33. Internal Audit Progress Report

The Committee considered a report of the Internal Audit Manager on work

undertaken by the Internal Audit Section from 1 December 2016 to 31 March 2017.

It was noted that a number of audit reviews were currently in progress and information concerning their status was provided in Appendix A of the submitted report. It was noted that although only one audit had been completed in the period, a further 17 reviews would be finalised in the near future. Details of outstanding high priority recommendations were attached at Appendix B. It was considered helpful to provide members with a comparator of previous year's opinions to indicate the 'direction of travel'. A note regarding the completion of the 'improvements required' on the skills apprenticeship audit was requested.

Members discussed the audit review undertaken on Creditors and the conclusions which had received a 'Controlled' opinion. It was noted that payments are currently made to creditors within 30 days or on the required credit terms.

Resolved: That the report be noted.

34. Internal Audit Plan 2017/18

The Committee considered a report of the Internal Audit Manager on the proposed internal audit plan for 2017/18.

Members were advised that the draft plan for 2017/18 was a flexible document and it was requested that the CityConnect project be included as a future audit review.

It was reported that the provision of internal audit services as detailed in the Audit Plan required an additional resource of 39 days. Members were assured that this shortfall would be monitored throughout the year and an update would be provided to a future meeting with the intention that this be managed through the use of contingency and/or time savings on individual assignments.

Members discussed risk assessment and it was suggested that the Committee be involved in a refresh of the Risk Register and a report would be prepared for a future meeting.

Resolved:

- (i) That the internal audit plan 2017/18 be approved.
- (ii) That the forecast shortfall in available audit resource be noted and that the Internal Audit Manager be requested to monitor this situation and provide an update to a future meeting of the Committee.
- (iii) That a report on the Risk Register be prepared for a future meeting.

35. Internal Controls & Financial Monitoring

The Committee considered a report of the Director, Resources on any changes to internal control arrangements since the last meeting and the current financial position of WYCA.

Internal Controls

It was reported that there had been no significant changes to internal controls since the last meeting. The revenue budget for 2017/18 and associated financial limits had been approved by WYCA on 2 February 2017 and monitoring against it had commenced.

Key Indicators

The key indicators showed no matters for concern. There had been one reportable RIDDOR accident in the period 1 April 2016 to 31 January 2017 which related to a fall at a bus station and there was no indication of any defect having contributed to the incident.

Financial Monitoring – Revenue Budgets

Members noted the revenue update which provided information on the revised forecast for 2016/17 and the approved budget for 2017/18.

Financial Monitoring – Capital Budgets

It was noted that delivery of the Transport Fund and Local Growth Fund projects was being monitored by the Investment Committee. Comment was made that the forecast for the Growth Deal spend seemed ambitious and members were advised that this would be considered by the Investment Committee and WYCA in June 2017.

Risk Management

Members noted that there had been no significant changes to risk management arrangements since the last meeting of the Committee. It was reported that work on the corporate plan for 2017/18 included a review of the strategic risks and a report would be prepared for a future meeting of the Committee.

Resolved: That the report be noted.