

**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON FRIDAY, 27 NOVEMBER 2020 AT REMOTE MEETING - TO
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Present:

Councillor Jane Scullion (Substitute)
Joanna Wardman
Councillor Peter McBride (Substitute)
Councillor Steven Leigh MBE

Calderdale Council
Independent Member
Kirklees Council
Calderdale Council

In attendance:

Councillor Peter Harrand
Angela Taylor
Bronwyn Baker
Jonathan Sheard
Khaled Berroum
Ian Pegg
Ben Kearns

Leeds City Council
West Yorkshire Combined Authority
West Yorkshire Combined Authority

11. Apologies for Absence

Apologies had been received from Andy Clayton, Councillor Swift, Councillor Pandor and Councillor Hinchcliffe.

12. Declarations of Disclosable Pecuniary Interests

Councillor Scullion declared that she was a beneficiary of the West Yorkshire Pension Fund.

13. Exclusion of the Press and Public

There were no items that required the exclusion of the press and public.

14. Minutes of the Meeting of the Governance and Audit Committee held on 30 July

Resolved: That the minutes of the meeting held on the 30 July be approved

15. Internal Audit Progress Report

Members considered a report which provided an update on internal audit performance to date.

Members noted that audit work had been focussed on advice and guidance on the MCA workstream and that it was important that controls and good governance were embedded in the new structures. It was also noted that there was still assurance audit work underway and so an audit opinion would be provided with sufficient balance.

The internal audit team was much more resilient and flexible following recent recruitment.

The internal audit plan was attached at appendix 1 to the submitted report and set out the work currently underway and scheduled for the new year.

Resolved: That the internal audit progress to date be noted.

16. External Audit Progress Report

The Committee considered a report which provided an update on external audit matter since the last meeting.

Members noted the update regarding the Public Sector Audit Appointments and an executive summary and recommendations from the Redmond Review were attached at appendix 1. Members welcomed some of the recommendations from the review, particularly with reference to a regulator for quality and emphasis on training and understanding local authority requirements.

A PSAA consultation in fee variations was attached at appendix 2 to the submitted report.

Mazars had advised the Combined Authority that the Engagement Lead for the Combined Authority from next year will be Mark Dalton. Mark Kirkham had been the partner on the audit for five years and in line with best practice and the FRC's ethical standard that ensure continued objectivity, he is required to move to other clients. Members thanked Mark Kirkham for his work with the Combined Authority over the last 5 years.

Resolved: That the report be noted

17. Annual Accounts 2019/20

Members considered a report which presented the annual accounts to the Committee for 2019/20 financial year.

The bulk of the audit work had been completed in advance of this meeting, but the accounts were deferred due to a delay in an external audit assessment around the pension fund.

Members asked about the work to finalise the pension audit work and whether there was cause for concern. It was noted there had been no change to the figures which were within the boundary of acceptance.

Mazars provided an unqualified opinion on the accounts and an unqualified opinion on the value for money conclusion. Members noted that the audit opinion referred to material valuation uncertainty in two respects because of the pandemic.

The outstanding areas of work had been cleared without any issues.

Resolved:

- (i) That the Treasury Management Statement be approved.
- (ii) That Mazars Audit Completion Report be noted.
- (iii) That the annual accounts for the year ended 31 March 2020 be approved.

18. Mayoral Combined Authority Preparations

The Committee considered a report which provided an update on the work underway to become a Mayoral Combined Authority.

A programme had been set up which contained 20 workstreams which was set out in appendix 1 to the submitted report. Work had progressed on the adult education budget and the order which had been approved or was in the process of being approved by the constituent authorities as well as the Combined Authority.

Work was also underway on internal systems such as finance and HR and the police and crime commissioner transfer was also in progress. Proposals for decision making and committee arrangements would be brought to the Committee in the New Year.

Members asked what contingency plans had been made if the May elections was disrupted by the pandemic. It was noted that the Mayoral and PPC elections were running in tandem with the local elections and that there had been a very clear message from Government that those elections will happen. Officers from the Combined Authority had been in contact with the Electoral Commission about the measures they recommend. Contingencies were also in place for if the position of Mayor is vacant for any reason.

Members asked that the Mayoral Combined Authorities Preparations be a standing item at future meetings.

Resolved: That the Committee note the work to date

19. Overview and Scrutiny Committee Update

Members considered a report which provided an update on the work of the Overview and Scrutiny Committee.

The report set out the work completed to date by the Overview and Scrutiny Committee and outlined the work underway to change how Scrutiny would like in the Mayoral Combined Authority.

It was noted that the Overview and Scrutiny Committee had chosen to pursue an enhanced select committee approach which would be supported by permanent sub-groups.

Resolved: That the report be noted.

20. Compliance and Monitoring

Members considered a report which set out changes to internal controls within the Combined Authority.

There had been no significant changes to internal controls since the last meeting.

Members noted that the Combined Authority's Treasury Management arrangements included a £5 million exposure to Croydon Council. Assurance had been given that section 114 notice means that they should be able to repay the money when it matures in the next year. Members requested an in depth look at Treasury Management arrangements at the next meeting.

The pandemic had left a gap in the Combined Authority's revenue budget. Work was underway to close the funding gap. A report on the budget would be brought to the Committee early next year.

Resolved: That the report be noted.

21. Assurance Framework Review 2020

Members considered a report which provided an update on proposed changes to the Assurance Framework.

Resolved: That the progress and changes made to the Assurance Framework be noted.