

**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON THURSDAY, 28 JULY 2022 AT COMMITTEE ROOM 1,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Debbie Simpson (Chair)
Councillor Jane Scullion (Substitute)
Councillor Shabir Pandor
Joanna Wardman

Independent Member
Calderdale Council
Kirklees Council
Independent Member

In attendance:

Mark Outterside
Angela Taylor
Bronwyn Baker
Lorna Jones
Ben Kearns

Mazars Auditors
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority

12. Apologies for Absence

Apologies for absence were received from Councillor Hinchliffe, Councillor Robinson, and Councillor Swift.

13. Declarations of Disclosable Pecuniary Interests

There were no declarations of pecuniary interests at the meeting.

14. Exclusion of the Press and Public

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

15. Minutes of the Meeting of the Governance and Audit Committee held on 6 April

The chair asked for an amendment under minute 8 to better reflect discussion and make clear that if the need to reprioritise the internal audit schedule due to staffing constraints eventuated that the Committee would require a better understanding of the prioritisation criteria including any links to changes on the strategic risk register.

Resolved: That the minutes of the last meeting be amended and approved.

16. Governance Arrangements

Members considered a report that set out the governance arrangements

agreed at the Combined Authority's annual meeting on 23 June. The terms of reference were attached at appendix 1.

The report also set out a proposed work programme for the Committee. It was suggested that there were some elements in the terms of reference that weren't reflected in the workplan. An update workplan would be brought to the next meeting with linkages to the terms of reference.

Resolved:

- (i) That the governance arrangements approved by the Combine Authority be noted.
- (ii) That the work programme be brought back the next meeting and better reflect all areas of the terms of reference

17. Review of Internal control and effectiveness of Internal Audit

The Committee considered a report that set out a review of the internal control and the effectiveness of internal audit.

Members noted that the Director, Corporate and Commercial Services had undertaken a review of internal audit and concluded that it complied with the necessary standards and had worked to an adequate standard throughout the year.

Resolved: That the outcome of the review of internal audit control and the effectiveness of internal audit be approved.

18. Internal Audit Annual Report and Opinion

Members considered a report that set out the Head of Internal Audit's Opinion for 2021/22.

Internal audit had been able to complete sufficient work against the internal audit plan to enable the provision of an opinion which was not limited by volume or scope.

The systems of control, governance, and risk management had been found to be adequate for 2021/22.

A quality improvement plan would be brought to the next meeting and would outline areas for continuous improvement within the internal audit function. Members asked about the review of the bus shelter contract and noted that the head of internal audit was confident that mitigations were being put in place to address the audit recommendations.

Resolved: That the internal audit annual opinion be noted.

19. Internal Audit Progress Report

Members considered a report that provided an update on the work against the internal audit plan 2022/23.

It was noted that recruitment continued to be problematic with two vacancies unfilled. The Head of Internal Audit wished to thank the audit team for their hard work given the team was understaffed.

Members asked for more context around the outstanding items and how overdue they were, how much progress had been made, and at what point overdue recommendations would become risks. Future reports would provide better visibility on the progress recommendations following audit reports.

Members discussed the safeguarding audit which had received a limited assurance. The Director, Transport and Property services was in attendance to provide assurance around the actions taken to address the audit findings.

Resolved: That the report be noted.

20. External Audit Progress Report

Members considered a report that provided an update on external audit matters. Members noted the complexity of the 2021/22 audit due to the transfer of the police and crime function which involved both group accounts and consolidation. It had been agreed that the deadline extension made available to auditors would be adopted with audit finalisation taken place in November 2022.

A letter from Mazars was attached at appendix 2 and would require a response from the Committee by 30 September. A response would be drafted over the summer and shared with members with final approval being delegated to the Chair.

Resolved:

- (i) That the external audit activities and the and the progress report be noted.
- (ii) That approval of the response to the letter from Mazars be delegated to the chair.

21. Draft Annual Accounts 2022

Members considered a report that set out the draft statements of accounts for 2021/22.

The draft accounts would be published following the meetings for public inspection prior to audit work commencing.

Members asked if the draft accounts could be brought back to the Committee at the next meeting to ensure that the committee had further opportunity to review them.

Resolved: That the draft annual statement of accounts be noted.

22. Compliance and Monitoring

Members considered a report that provided an update on internal controls since the last meeting of the Committee

There had been no changes to internal controls and no RIDDOR incidents.

It was noted that the 2021/22 financial year had been closed with a surplus of £2.8 million as well as the challenges involved in the 2022/23 budget, in particular the uncertainties around bus funding and inflation.

Resolved: That the report be noted.

23. Treasury Management

Members considered a report that provided an update on treasury management arrangements

Members noted two minor breaches which had been identified. Officers were confident that the breaches represented low risk to the Combined Authority and that mitigations were in place to prevent them happening again.

Resolved: That the report be noted.

24. Risk Management Process

Members considered a report that provided an update on risk management process. Members noted the ongoing work on the escalation of risks to ensure a comprehensive and consistent approach. The risk register would also be changed to separate out risks that had been realised and in process from those risks that had been identified but were not live.

Members discussed the approach to risk focusing on how the mayor is involved in risk and at what point and in what way risks were escalated to the Mayoral.

Resolved: That the risk management arrangements and the corporate risk register be noted.

25. Annual Accountability Reports

Members considered a report that set out the annual accountability reports and a summary of applications for grants considered under the conflict of interest protocol.

Resolved:

- (i) That no complaints or concerns have been raised this year about the LEP (nor about any member of the LEP Board) under the LEP's complaints procedure, the Combined Authority's complaints policy or the Whistleblowing Policy).

- (ii) That no grant applications were received that were required to be considered under the conflicts of interest arrangements in place during 2021 – 2022.