

## **GOVERNANCE AND AUDIT COMMITTEE**

**MEETING TO BE HELD AT 11.00 AM ON MONDAY, 24 JULY 2023  
IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50 WELLINGTON  
STREET, LEEDS**

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### **A G E N D A**

Please note that this meeting will be filmed for live or subsequent broadcast via the Combined Authority's internet site. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed. Generally, the public seating areas will not be filmed; however, by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting. If you have any queries regarding this, please contact Governance Services on 0113 251 7220.

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING OF THE GOVERNANCE AND  
AUDIT COMMITTEE HELD ON 22 MARCH 2023**  
(Pages 1 - 4)
- 5. GOVERNANCE ARRANGEMENTS**  
(Pages 5 - 14)
- 6. REVIEW OF INTERNAL CONTROL AND EFFECTIVENESS OF  
INTERNAL AUDIT**  
(Pages 15 - 18)
- 7. INTERNAL AUDIT ANNUAL REPORT AND OPINION**  
(Pages 19 - 38)
- 8. INTERNAL AUDIT PROGRESS REPORT**  
(Pages 39 - 58)

**9. EXTERNAL AUDIT PROGRESS REPORT**

(Pages 59 - 62)

**10. COMPLIANCE AND MONITORING**

(Pages 63 - 66)

**11. TREASURY MANAGEMENT**

(Pages 67 - 70)

**12. RISK MANAGEMENT**

(Pages 71 - 74)

**13. CODE OF CORPORATE GOVERNANCE**

(Pages 75 - 94)

**Signed:**

A handwritten signature in black ink, consisting of the letters 'BSM' in a stylized, cursive font, with a horizontal line underneath.

**Chief Executive  
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE  
GOVERNANCE AND AUDIT COMMITTEE  
HELD ON WEDNESDAY, 22 MARCH 2023 AT COMMITTEE ROOM 1,  
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

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**Present:**

Debbie Simpson (Chair)  
Councillor Sam Firth  
Joanna Wardman  
Councillor Jane Scullion (Substitute)

Independent Member  
Leeds City Council  
Independent Member  
Calderdale Council

**In attendance:**

Mark Dalton  
Mark Outterside  
Melanie Corcoran  
Bronwyn Baker  
Angela Taylor  
James Nutter  
Katie Wilby  
Mark Wood  
Ben Kearns

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

**48. Apologies for Absence**

Apologies for absence had been received from Councillor Hinchcliffe, Councillor Pandor, and Councillor Swift.

**49. Declarations of Disclosable Pecuniary Interests**

There were no declarations of pecuniary interests at the meeting.

**50. Exclusion of the Press and Public**

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

**51. Minutes of the Meeting of the Governance and Audit Committee held on 12 January**

**Resolved:** That the minutes of the last meeting be approved.

**52. Internal Audit Progress Report**

Members considered a report that set out an update on internal audit progress

against the current plan for 2022/23.

The Committee noted that recruitment remained challenging. The internal audit team continued to work with human resources to try and identify alternate actions to secure additional resource. Consideration was also being given to the appointment of an apprentice to the internal audit team, particularly on the counter-fraud side.

Relating to the progress on the fraud complaints, members noted that one had been closed and on receipt of further information it had been determined that no further investigation was necessary. One fraud investigation remained open and further information was awaited.

On the whistleblowing complaints, members noted that more information was awaited to progress the case from a Local Authority partner and would be reported to the Committee at a later date.

Progress against the plan was progressing well with a lot of reports in draft awaiting a management response.

An updated was provided on the minimal assurance from the last meeting, and internal audit were confident that good and timely progress had been made. A follow-up review had been planned for next year.

Work was underway with the finance team to collectively try to manage the grant certification work better to avoid disrupting the routine audit work.

**Resolved:** That the progress update be noted.

### **53. Internal Audit Draft Plan 2023/24**

Members considered a report that set out the final internal audit plan for 2023/24 for approval.

Members noted two minor amendments to the plan. Following discussions with Directors and the Internal Leadership Board, a rolling programme of reviews around business planning and finance process to ensure that they were better linked and embedded within the organisation. Another audit had been added around the use and quality of open data.

**Resolved:** That the 2023/24 audit plan be approved.

### **54. Approval of Annual Accounts 2021/22**

Members considered a report that presented the consolidated audited annual accounts 2021/22 for approval.

Members noted the audit completion report that a clean and unqualified audit opinion on the financial statements. One minor control recommendation had been identified and few minor amendments had arisen through the audit process. Mazars would report their value for money work at a later date, but no significant weaknesses had been identified.

Members wished to thank the finance team and recognised the challenges around the first time consolidated accounts with the Police and Crime accounts.

The Committee noted that once Mazars finished the work they would undertake to communicate with the Committee to provide a summary of the work and any findings from the outstanding areas.

**Resolved:** That the draft annual accounts 2021/22 be recommended for approval.

## **55. Revised Code of Corporate Governance**

Members considered a report that set out revisions to the Code of corporate Governance.

Members noted that due to the organisational evolution programme and the Combine Authority's move towards an outcome/mission based model the code of corporate governance should be reviewed once more progress had been made.

It was anticipated that a review could be carried out in September/October 2023.

**Resolved:** That the proposal to review the Code of Corporate Governance in line with the progression of the Organisational Evolution programme be endorsed.

## **56. Treasury Management**

Members considered a report that provided an update on Treasury Management activities.

It was proposed that training would be provided on treasury management at a future meeting of the Committee.

Members asked about the strategy to internalise available cash balances and that the Committee would be kept informed. Officers would find the best way to extract the information from the Capital Financing Requirement to present to the Committee.

**Resolved:** That the report be noted.

## **57. 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.

Members noted the capital spend at quarter 3 and asked if officers were

confident that full spend across the capital programmes would be achieved. Final returns were due in April and would be reported back to the Committee.

**Resolved:** That the report be noted.

## **58. Risk Management Strategy**

The Committee considered an update on the corporate risk management strategy.

Members noted the work underway to adapt the risk management strategy to fit the outcome based model of the directorates, a discussion led approach to risk, and a differentiated risk management at different levels within the Combined Authority.

Members were supportive of the approach and suggested that it would be important for the organisation to agree a common understanding of risk and the tolerance levels to support the strategy.

Members asked if an assessment had been undertaken at a strategic level to benchmark against the IIA's risk maturity model. Officers had looked at maturity models and some actions had been implemented, as part of the organisational evolution it was expected that risk management would take on a higher profile within the Combined Authority. Members asked to see more information at a future meeting around the ambition to change the culture within the organisation around risk management.

**Resolved:** That the report be noted.

## **59. Governance and Audit Committee Forward Plan**

Members considered a report which presented the 2023/34 forward plan for discussion.

Members were supportive of the suggested deep dive on matters relating to key delivery schemes across the directorates as well as more work on how internal governance and assurance systems were functioning.

**Resolved:** That the comments on the forward plan be noted.



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**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** **Governance arrangements and forward plan**

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**Director:** Alan Reiss, Chief Operating Officer

**Author(s):** Caroline Allen, Head of Legal and Governance Services

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## 1. Purpose of this report

- 1.1 To advise Governance and Audit Committee of the governance arrangements approved by the West Yorkshire Combined Authority (the Combined Authority) at the Annual Meeting on 22 June 2023 in respect of the committee.
- 1.2 To provide a summary of applications for grants considered during the last financial year under arrangements to address conflicts of interest.
- 1.3 To consider the proposed work programme for the year.

## 2. Information

- 2.1 At the Annual Meeting on 22 June 2023 the Combined Authority resolved to appoint the Governance and Audit Committee on the **terms of reference** attached as **Appendix 1** to this report.
- 2.2 The **quorum** of the Committee is 4.
- 2.3 The Combined Authority appointed Debbie Simpson as Chair of the Committee.
- 2.4 At its meeting on the 22 June, the Combined Authority approved a recommendation to remunerate the two independent members of the Committee. The level of remuneration approved, to be implemented from 22 June, was:
  - Independent Member (Chair): £1,800 per annum
  - Independent Member: £1,000 per annum
- 2.5 A table showing the Committee's membership is attached as **Appendix 2**.

- 2.6 The Combined Authority also agreed meeting dates for the Committee, as follows:
  - 24 July 2023
  - 16 October 2023
  - 11 January 2024
  - 14 March 2024
- 2.7 A proposed forward plan of work is attached as **Appendix 3**, reflecting the key responsibilities of the Committee and noting that agenda items can be added during the year as required.

Grant applications

- 2.8 The Conflicts of Interests Policy provides an overview of conduct-related provisions applying to members and officers, with a particular focus on conflicts of interest arising in respect of applications for loans or grants to business, which is addressed by way of the Conflicts of Interest Protocol. The Protocol seeks to ensure that such applications are dealt with fairly and impartially, including where decisions are made by officers under delegated authority.
- 2.9 Paragraph 10.1 of the Protocol requires the Monitoring Officer to report to this Committee on an annual basis on the number and outcome of applications considered in accordance with the protocol during the previous financial year and to advise whether there have been any breached of the protocol.
- 2.10 The table below sets out the details of all grant applications which were received and considered pursuant to the process set out in the Conflicts of Interest Protocol during the last financial year. All of these applications were considered in line with and met the requirements set out in the Protocol in addition to the eligibility criteria specific for the grant programme, and there have been no breaches of the Protocol. In addition, declarations made by members at Combined Authority committee meetings and the LEP Board are publicly available on the Combined Authority’s website as they are recorded in the minutes for each meeting.

<b>Recipient</b>	<b>Date of application</b>	<b>Project amount</b>	<b>LEP Programme</b>	<b>Related Member</b>
A W Hainsworth & Sons Ltd	08/11/2022	Grant amount of £13,615.21(total project cost £34,038.02)	REBiz	Andrew Wright

Fan Systems Group Ltd	20/07/2022	Grant amount of £38,600 (total project cost £96,500)	REBiz	Martin Booth
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### **3. Tackling the Climate Emergency Implications**

3.1 The terms of reference require this, and all committees, to promote tackling the climate emergency implications in its actions.

### **4. Inclusive Growth Implications**

4.1 The terms of reference require this, and all committees, to promote inclusive growth in its actions.

4.2 It is proposed that each decision-making committee continues to designate an Inclusivity Lead. This will ensure that equality, diversity and inclusion is fully embedded in the objectives of the committees.

### **5. Equality and Diversity Implications**

5.1 The terms of reference require this, and all other committees, to consider equality and diversity in its actions and decision making.

5.2 The diversity of the committee will be kept under review and steps will be taken, in future recruitment campaigns, to ensure as far as possible that the membership is representative of the population we serve.

### **6. Financial Implications**

6.1 There are no financial implications directly arising from this report.

### **7. Legal Implications**

7.1 There are no legal implications directly arising from this report.

### **8. Staffing Implications**

8.1 There are no staffing implications directly arising from this report.

### **9. External Consultees**

9.1 No external consultations have been undertaken.

## **10. Recommendations**

- 10.1 That the Governance and Audit Committee notes the governance arrangements approved by the Combined Authority at the Annual Meeting on 22 June 2023.
- 10.2 That the Governance and Audit Committee notes the summary of applications for grants considered during the last financial year under arrangements to address conflicts of interest.
- 10.3 That the Governance and Audit Committee considers the proposed work programme at Appendix 3.

## **11. Background Documents**

- 11.1 There are no background documents referenced in this report.

## **12. Appendices**

Appendix 1 – Terms of Reference for the Governance and Audit Committee  
Appendix 2 – Table of Members  
Appendix 3 – Draft work programme

## Part 3

### Section 2.3 - Terms of Reference

#### Governance and Audit Committee<sup>1</sup>

The Governance and Audit Committee is authorised<sup>2</sup>:

1. To review and scrutinise the Combined Authority's financial affairs<sup>3</sup>.
2. To review and assess the Combined Authority's risk management, internal control and corporate governance arrangements<sup>4</sup>.
3. To review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the Combined Authority's functions.
4. To make reports and recommendations to the Combined Authority in relation to reviews conducted under paragraphs 1, 2 and 3 above<sup>5</sup>.
5. To consider the findings of a review of the effectiveness of the system of internal control and approve the annual governance statement<sup>6</sup>.
6. To consider and approve the statement of accounts<sup>7</sup>.
7. To consider external audit arrangements<sup>8</sup> and reports, and consider any audit letter from the local auditor following an audit.

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<sup>1</sup> Appointed in accordance with paragraph 4 of Schedule 5A of the Local Democracy, Economic Development and Construction Act 2009

<sup>2</sup> These terms of reference should be construed in a broad and inclusive fashion to include any action which facilitates or is conducive or incidental to the role of the Combined Authority as accountable body for the Leeds City Region Enterprise Partnership (the LEP)

<sup>3</sup> including in relation to PCC Functions

<sup>4</sup> including in relation to PCC Functions

<sup>5</sup> including in relation to PCC Functions

<sup>6</sup> Regulation 6 of the Accounts and Audit Regulations 2015

<sup>7</sup> including in relation to PCC Functions and incorporating the accounts of the Chief Constable in accordance with Article 41 of The West Yorkshire Combined Authority (Election of Mayor and Functions) Order 2021

<sup>8</sup> This does not include appointing a local auditor, which must be carried out by the Combined Authority.

8. To receive and consider an annual report form the Joint Independent Audit and Ethics Committee<sup>9</sup>.
9. To promote and maintain high standards of conduct by members and co-opted members of the Combined Authority.<sup>10</sup>
10. To advise the Combined Authority in relation to:
  - adopting, revising or replacing its Members' Code of Conduct<sup>11</sup>;
  - appointing at least one independent person<sup>12</sup>; and
  - arrangements for investigating and making decisions about allegations of failing to comply with the Members' Code of Conduct.
11. To consider and determine any allegation of failing to comply with the Members' Code of Conduct including complaints referred by the Police and Crime Panel <sup>13</sup>.

Document version control	
<b>Municipal Year:</b>	2023-24
<b>Version:</b>	1 - 23/24
<b>Document approved by:</b>	The Combined Authority
<b>Date:</b>	22 June 2023
<b>To be of effect from:</b>	22 June 2023

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<sup>9</sup> Established in accordance with the Financial Management Code of Practice (Home Office Guidance)

<sup>10</sup> This function does not extend to adopting, revising or replacing the Members' Code of Conduct

<sup>11</sup> The Code applies to members and voting co-opted members of the Combined Authority and includes provision about registering and disclosing interests

<sup>12</sup> In accordance with Section 28(7) of the Localism Act 2011

<sup>13</sup> In accordance with arrangements made by the Combined Authority and regulation 29 of The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012 as amended by 2021 Order

**APPENDIX 3: Membership Table**

	CA Members (Voting)	Bradford Co-optees	Calderdale Co-optees	Kirklees Co-optees	Leeds Co-optees	Wakefield Co-optees	Other Co-optees (Voting)
<b>Governance and Audit</b>							
<b>Chair: Debbie Simpson</b> <b>Deputy Chair: Jane Scullion</b>	Susan Hinchcliffe (L) Shabir Pandor (L) Jane Scullion (L) Alan Lamb (C)	N/A	N/A	N/A	N/A	N/A	(Independent Members)  <b>Debbie Simpson</b> <b>Joanna Wardman</b>

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## Governance and Audit Committee - Draft Work Programme 2023/24

The following standing items will appear on each agenda:

- External audit update
- Internal audit progress
- Compliance and monitoring
- Governance and assurance
- Risk

The following items are scheduled for specific meetings:

16 Oct 2023	External audit planning document for 2022/23 year end accounts Draft 2022/23 accounts for consideration Revised Risk Management Strategy Revised Corporate Code of Governance Customer Service Performance
11 Jan 2024	Approval of annual accounts 2022/23 Draft treasury management strategy and mid year review
14 Mar 2024	External audit planning document for 2023/24 year end accounts Draft Internal Audit Plan for 2024/25
July 2024	Review of internal control and effectiveness of internal audit Annual Internal Audit Report and Opinion for 2023/24

Other items will be brought to the Committee as and when they occur, for example in connection with the appointment of external auditors and the consultation on their fees. Any issues arising in connection with the Members' Code of Conduct would also be referred to this Committee.

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**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** Review of Internal Control and the Effectiveness of Internal Audit

**Director:** Angela Taylor, Director Finance and Commercial Services

**Author:** Angela Taylor, Director Finance and Commercial Services

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this Report

- 1.1 To inform the Committee of the outcome of a review of internal control and the effectiveness of internal audit.

## 2. Information

- 2.1. There is a requirement under the Accounts and Audit (England) Regulations 2015 that ‘The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.....The findings...must be considered....by the members of the body meeting as a whole.’ There is a further requirement that ‘A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit. The findings of the review...must be considered, as part of the consideration of the system of internal control ... by the committee or body...’ As a Combined Authority the appropriate body to consider these reviews is the Governance and Audit Committee.
- 2.2 The elements of the system of internal control are set out in the Corporate Governance Code and Framework, approved by the Combined Authority at its last annual meeting. The Corporate Governance Code and Framework uses the seven principles as recommended by the Framework. The Code is further reviewed and updated regularly and approved at the annual meeting of the Combined Authority. A number of revisions were made to the current version and approved at the June meeting of the Combined Authority. At the same

time It was acknowledged, in line with previous discussions with this Committee, that a more in depth review of the Code would be undertaken over the summer/autumn to ensure that recent and continuing organisational changes have been properly captured and reflected in the Code. A separate item on this agenda sets out the plan for this work.

- 2.3 The review of the system of internal control is in effect set out in the Annual Governance Statement (AGS) which is required to be included in the annual accounts. This sets out the governance framework in place during the year and is in accordance with the guidance set out by CIPFA/SOLACE. At this point the AGS is still in development but is expected to be a positive review of the arrangements in place during the preceding year. It is also informed by the work undertaken by internal audit in the year and their overall conclusion in their Internal Audit Annual Report which is:

*From the work undertaken during the financial year 2022/23 and taking into account other sources of assurance, Internal Audit have reached the opinion that, overall, the effectiveness of the Combined Authority's framework of control, governance and risk management is adequate.*

The full report from the Head of Internal Audit is included under agenda item 7. The AGS for the year to 31 March 2023 will be included within the 2022/23 annual accounts which will shortly be published in draft and will be brought to the next meeting of this Committee for early consideration ahead of audit work.

- 2.4 The Director, Finance and Commercial Services has undertaken a review of internal audit, considering her knowledge of the team and its work and the information in the Internal Audit annual report which sets out the work undertaken. Additionally the information available from the independent external quality review undertaken four years ago is also still relevant, with a requirement to undertake a further review next year. This assessed the Internal Audit function in relation to compliance with Public Sector Internal Auditing Standards (PSIAS. This concluded *"that West Yorkshire Combined Authority's internal audit activity generally conforms with the definition of Internal Auditing, the Code of Ethics and the Public Sector Internal Audit Standards"* which is the highest rating which can be given by this type of review. A number of recommendations for further improvement were made by the independent reviewer and these have been addressed by the Head of Internal Audit.

- 2.5 The overall conclusion is therefore that the internal audit function complies with the necessary standards and has worked to an adequate standard during the year. There is one remaining instance of non-compliance with the PSIAS which is the non-involvement of the Chair of the Governance and Audit Committee in staffing appraisals for the Head of Internal Audit and ways to address this will be considered in the coming year. It is also recognised that all services should strive for continuous improvement and the Head of Internal Audit will continue to keep under review how she and her team can deliver

internal audit in the most effective and value added way, and the resources required to enable her to do so.

### **3. Tackling the Climate Emergency Implications**

3.1. There are no climate emergency implications directly arising from this report.

### **4. Inclusive Growth Implications**

4.1. There are no inclusive growth implications directly arising from this report.

### **5. Equality and Diversity Implications**

5.1. The internal audit team consider equality and diversity implications in their audit assignments and have supported work in year on the assessment against the public sector equality duty.

### **6. Financial Implications**

6.1. There are no financial implications directly arising from this report.

### **7. Legal Implications**

7.1. There are no legal implications directly arising from this report.

### **8. Staffing Implications**

8.1. There are no staffing implications directly arising from this report.

### **9. External Consultees**

9.1. The previous external quality assessment has been considered as part of this item.

### **10. Recommendations**

10.1. That the Committee approve the outcome of the review of internal control and of the effectiveness of internal audit

### **11. Background Documents**

There are no background documents referenced in this report.

### **12. Appendices**

None.

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**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** Internal Audit Annual Report and Opinion

**Director:** Angela Taylor, Director of Finance and Commercial Services

**Author:** Bron Baker, Head of Internal Audit

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this Report

- 1.1. To ask committee members to consider and note the contents of the report and supporting appendix detailing the Head of Internal Audit's Annual Opinion for 2022/23.

## 2. Information

- 2.1. As the members of the committee will be aware, the Head of Internal Audit is required to give an annual opinion on controls, governance and risk management for inclusion in the annual governance statement. This opinion needs to be based on the work conducted by Internal Audit and takes into account other forms of assurance for example, external assurance from partners, particularly Local Authority partners.
- 2.2. While there have continued to be significant issues in 22/23 related to resourcing constraints and the national difficulties recruiting to auditor posts, Internal Audit has managed to complete sufficient work against the plan, both advisory and assurance, to enable the provision of an opinion which has not had to be limited by the volume and scope of work undertaken for this year.
- 2.3. However, given the growth of the organisation and the consequent responsibilities, that is not sustainable going forward. Internal Audit has,

therefore, committed to conducting a review of the 'audit universe' and to producing an organisation design piece to support the outcomes of that work and to inform a more suitable and appropriate structure for the future. The report and opinion have been considered by the Internal Leadership Board who have endorsed this proposed work.

- 2.4. It should be noted that notwithstanding the fact that there have been more limited and minimal assurance reports in this last year compared to the previous year, the opinion remains that overall there is a balance of controls, governance and risk management practices that are working sufficiently well to enable an opinion of adequate assurance, as per the previous year, to be given for 2022/23.

### **3. Tackling the Climate Emergency Implications**

- 3.1. There are no climate emergency implications directly arising from this report.

### **4. Inclusive Growth Implications**

- 4.1. There are no inclusive growth implications directly arising from this report.

### **5. Equality and Diversity Implications**

- 5.1. The audit of EDI in 22/23 identified some improvements that could be made to assist with the understanding of EDI plans and therefore the embedding of EDI throughout the business. Further work in this area will take place in 23/24.

### **6. Financial Implications**

- 6.1. There are no financial implications directly arising from this report.

### **7. Legal Implications**

- 7.1. There are no legal implications directly arising from this report.

### **8. Staffing Implications**

- 8.1. Staffing implications are likely to arise when the work planned in 23/24 considers the audit universe for the Combined Authority and makes recommendations on the level of coverage in the future.

### **9. External Consultees**

- 9.1. No external consultations have been undertaken.

### **10. Recommendations**

- 10.1. That the Governance and Audit Committee consider and note this report.

**11. Background Documents**

There are no background documents referenced in this report.

**12. Appendices**

Appendix 1 – Annual Audit Opinion Report for 2022/23

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# Internal Audit Report and Opinion 2022/23

Bronwyn Baker / June 2023

## Background

UK Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The results of work undertaken within the Annual Audit Plan are designed to support the opinion provided in the Annual Internal Audit Report alongside any other internal or external assurances on which Internal Audit can rely.

## Scope of Internal Audit Opinion 2022/23

In providing the annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2022/23 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

It should also be noted that the last year has again provided a significant challenge in terms of resourcing with a number of vacancies continuing to be extremely difficult to fill. This issue was and continues to be quite widespread in a number of professional areas and is not just restricted to the Combined Authority.

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Specialist resource to do IT work was utilised to give assurance in relation to several reviews of the project delivering a new Integrated Corporate System and cyber security.

By re-assessing the plan against changes to risks, we were able to prioritise our work that enabled a full opinion to be given that is not limited by scope. We have been keeping under review the size and nature of the team given the changes to the Combined Authority and the substantial growth of the organisation over the last three years. This has resulted in a commitment in our business plan for 23/24 to a re-assessment of the audit universe at the Combined Authority along with a commitment to reconsider the size and structure of the team. This will be designed to ensure that the breadth and scope of internal audit work is appropriate to the risks and priorities in play both for the medium and long term. The outcomes of that review will be reported to the Governance and Audit Committee.

## Annual Opinion 2022/23

From the work undertaken during the financial year 2022/23 and taking into account other sources of assurance, my opinion is that, overall, the effectiveness of the Combined Authority's framework of control, governance and risk management is adequate.

In reaching this opinion the following key factors were considered:

### Risk Management

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A key element of the control environment is ensuring that the Combined Authority manages the risks it faces to meet its objectives. There is a Risk Management strategy which sets out how the CA identifies, assesses, manages and then monitors risks. Risks are recorded at both a corporate and directorate level with regular assessment and reporting to the Governance and Audit Committee (GAC). Audit of the risk management system (previously reported to GAC in July 2022) highlighted areas for further improvement which the Planning and Performance team, responsible for supporting the risk management framework, are implementing as part of a wider revision of the process. This will ensure its alignment to a new performance monitoring framework introduced to monitor progress with achieving business plan objectives.

### Governance

The Combined Authority has continued to progress its development of its governance arrangements with the appropriate reviews and refinements to delegated authorities. The assurance framework was also updated this year and published on the Combined Authority website in February and provided to Government at the same time.

There has also been a significant amount of work on organisational evolution this year to review the organisation's structure, operating model and ways of working to ensure their fitness for purpose for a Mayoral Combined Authority. A revised Directorate structure and operating model were agreed by the Combined Authority in June 2022. This is aiming to bring clear and accountable leadership, provide strategic direction and a focus on outcomes supported by a robust corporate centre. This work is continuing into 23/24. Internal Audit was due to undertake an audit of the Code of Corporate Governance in 22/23 following its review and revision. As this work was deferred to 23/24 so too has the audit been deferred, but audit has been involved in those discussions to date and will continue to offer advice and guidance in the interim.

## Summary of Whistleblowing Cases

Internal Audit continues to act as the primary contact point for the Combined Authority's Whistleblowing Policy.

There have been 3 whistleblowing referrals during 2022/23. Two of these were from external parties. One was made by an officer, who was therefore eligible for protections under the Public Interest Disclosure Act 1998. Two of the referrals became fraud cases and are included in the summary of fraud cases below, the other case was non fraud related, was fully investigated and no breach found resulting in no further action being taken.

## Summary of Fraud Cases

Internal Audit received six fraud referrals in 2022/23 and investigated four.

Three of those investigated related to grant funding provided by our organisation to organisations, one via a third party which has required a joint investigation. Lessons learned from these cases and recommendations to improve controls to prevent/ detect them sooner are being reported to management.

The other case relates to compliance with the Contract Standing Orders and effective contract management and remains open pending potential further investigation.

26 We were also advised of two attempted banking/ card frauds against the Combined Authority stopped by the bank and reported to us by Finance. As these were resolved by the banks these have been closed with no further action required.

An internal case of potential theft was referred to Human Resources for investigation.

There were no other fraud related matters or referrals in the 2022/23 financial year.

## Controls

West Yorkshire Combined Authority has continued to operate its existing systems of control throughout the 22/23 plan year and while the work that Internal Audit has done, has identified some issues we are confident this is not sufficient to merit any limitation on the opinion. Concerns identified through the course of the year, particularly where limited or minimal assurance was given, have been taken seriously and action has been implemented to address these concerns. Internal Audit is continuing to follow up on the recommendations made for improvement and is continuing to regularly update both the Governance and Audit Committee and the internal Regulatory and Compliance Board on progress made.

## Summary of Internal Audit Work 2022-23

The work of Internal Audit against the agreed audit plan is summarised in the table below.

	Assurance Area	Summary findings	Outcome
1	Contract Management - Managed Print Services devices contract	Audit reviewed the contract for managed print devices to establish level of compliance with contract standing orders and contract standards. The review noted that there was good compliance with contract standards and sufficient evidence of control was not demonstrated, audit reaffirmed management's intention to retender the contract due to it expiring.	Completed Reasonable Assurance rating given
2	Contract Management – Customer Care, Security and Posting of Bus Timetables	Audit reviewed this contract which is managed by the Facilities and Assets team and found that overall there was good compliance with contract standards.	Completed Reasonable Assurance rating given
3	AEB Provider audit 3	This review formed part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence was tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place. No significant issues were found.	Completed Review Reasonable Assurance rating given
4	Procurement	We reviewed recent procurements from each directorate and found that overall there was good compliance with procurement and contract standards. We raised one matter to ensure adequate arrangements are in place for officers to make timely declarations of interest when engaged in any procurement activity.	Completed Reasonable Assurance rating given
5	AEB Provider audit 4	This review formed part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence was tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place. No significant issues were found.	Completed Reasonable Assurance rating given

6	Integrated Corporate System (HR, Finance, Payroll)	The further review of the ICS programme in this plan year focussed particularly on Data Migration and while two recommendations were made to improve management of risks and recording of decisions, overall the data migration plan did not give rise to any significant issues.	Completed Reasonable Assurance rating given
7	Health & Safety	Audit found that was a comprehensive framework of policies and procedures and training in place to support and guide staff. There was also a strong second line assurance provided by the Health and Safety team through regular visits to assess compliance. Audit made recommendations to strengthen controls further	Completed Reasonable Assurance rating given
8	MCard APP	Review of the MCARD mobile app found that there were good controls in place. Usage of the app was appropriate, information was secure and receipts of payments well controlled. Audit made recommendations to improve system reconciliations and ensure known system risks were documented and reviewed regularly.	Completed Reasonable Assurance rating given
9	Contract Management - Battery Powered Displays for Bus Stops and Shelters	Audit reviewed this call off contract for compliance with contract standing orders and internal policies. The contract was well managed, with good oversight and monitoring of the supplier and of expenditure. Audit made recommendations to further improve documentation and budget monitoring and forecasting.	Completed Reasonable Assurance rating given
10	Flexi Bus	Whilst there were significant operational issues with delivery of the scheme which were recognised during the review, the audit had focused on controls in place. Recommendations were made including conducting a review of the service to determine improvements and reflect upon whether the scheme was achieving its desired aims.	Completed Reasonable Assurance rating given
11	AEB Provider audit 6	This review formed part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence was tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place. No significant issues were found.	Completed Reasonable Assurance rating given

12	ICT Audits	Salford Internal Audit Service performed a review to verify there were appropriate controls in place to minimise risks associated with IT vulnerabilities. The review highlighted a number of areas for improvement.	Completed Limited Assurance rating given
13	Security of Assets	This review has focused on the arrangement for managing the Combined Authority's New Generation Transport (NGT) asset portfolio. The audit found that processes for managing NGT leases had improved but with a lack of system documentation and guidance there was a risk of inconsistent approaches being adopted. Audit made recommendations for improvement to controls.	Completed Limited Assurance rating given
14	Equalities (EDI)	The audit recognised the significant amount of work the organisation has done to improve equity, diversity and inclusion. The review however identified a number of areas that would benefit from review and simplification to ensure the embedding of EDI reaches all of the organisation with consistency and a shared understanding. Audit made recommendations for management to consider.	Completed Limited Assurance rating given
15	Contract Management - Leeds Bus Station Refurbishment	Audit reviewed the Leeds Bus Station contract for compliance with contract standards. Whilst there was good compliance with procurement and contract standards the review highlighted a significant number of lessons learned with delivery of the contract. Recommendations have been made for better collaboration between internal teams to share knowledge and seek early advice and guidance and share lessons in other schemes.	Completed (awaiting management response) Limited Assurance rating given
16	Contract Management – JPB Facilities Management	The contract was reviewed due to concerns raised by Management. Compliance issues with contract standing orders, a lack of adherence to good contract management principles, inadequate documentation, insufficient oversight and lack of proper segregation of duties culminated in a number of audit recommendations for management to implement.	Completed Minimal Assurance rating given
17	Transport and Property Services Directorate – Financial Controls review	This review was included in the plan at the requested of Senior Management and entailed an examination of the system of internal controls within the Transport Services Directorate with particular focus on Tendered Bus Services. The review highlighted weaknesses and made a number of recommendations for management to action, progress continues to be made to implement these and a follow up review is scheduled for 2023-24.	Completed Minimal Assurance rating given

18	AEB Provider audit 5	This review formed part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence was tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place. A number of issues were identified and raised with the provider to ensure improvements in controls. Reductions were made to the amount of funding claimed by the provider.	Completed Minimal Assurance rating given
19	Multiply	Ongoing advice and guidance on evidence requirements and governance issues was provided to the new Multiply programme team and was followed by a review to inform the Assurance Statement to the Department for Education at year end.	Completed, DfE assurance statement submitted to deadline
20	Adult Education Budget	Ongoing advice and guidance was provided throughout the year including a review formally assessing compliance with the AEB Performance Management Framework and completion of the AEB Assurance Statement to the Department for Education.	Completed, DfE assurance statement submitted to deadline
21	Compliance with Contracts Standing Orders & Financial Regulations	The review is focused on the issue, use and control of Procurement Cards within the Authority.	Underway but carried over to 23/24
22	Police and Crime Team Commissioning (including Violence Reduction Unit)	A review to consider how the Police and Crime Team processes are fitting into CA ways of working to ensure agile responses to short term funding.	Underway but carried over to 23/24
22	Project and Programme Assurance reviews	A review is underway of the Rail Car parking package to examine compliance with the Assurance Framework as well as compliance with good project and contract management principles.	Underway but carried over to 23/24
24	GDPR (ICO Framework)	This audit is focused on a high level review of compliance with expectations in the Information Commissioner's Office Accountability Framework.	Underway but carried over to 23/24

25	Counter Fraud work	A total of seven whistleblowing/fraud referrals were received resulting in five investigations. This is an increase on previous years which averaged one referral a year. A strategic level fraud and corruption risk assessment is to be carried out against best practice guidance to advise the development of a proactive counter fraud work plan for 2023/24 to strengthen our controls to prevent, detect and investigate fraud, corruption and money laundering.	(See Whistleblowing and Fraud Cases section above)
26	Attendance on Boards	Advice and guidance to inform the control framework with particular Board attendance on; AEB, ICT Service Management and the Integrated Corporate System, and including implementation of the UK Shared Prosperity Fund, Multiply.	Ongoing advice and guidance which is continuing into the new plan year
27	Various grant certifications	A comprehensive range of grant certification was carried out over the year in line with funding applications and funding agreements. Audit provided the necessary checks and assurance to support the grant claim submissions.	See Grant Certification section below
28	Code of Corporate Governance and Compliance with sub delegations	This review has been deferred to 23-24 audit plan due to delays in implementing the revised delegations and proposed review of the Code.	Deferred to 23/24
29	Climate Change – external plans	This review has been deferred to 23-24 audit plan as requested by Management.	Deferred to 23/24
30	PAN Programme Charges (benchmark review)	This review was to consider arrangements and by comparison with others, a look for opportunities to demonstrate VfM with performance indicators and maturity measures, however this work was no longer applicable and therefore removed from the plan.	Removed from the plan

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### Overall Opinion Ratings

Level of Assurance	Description
Reasonable	There is a good framework of controls in place and the majority of controls are being consistently applied to ensure risks are managed effectively.
Limited	There is an adequate framework of controls in place but the controls are not being consistently applied to ensure the risks are managed effectively.

**Minimal** There is a weak framework of control in place and/or the controls are not being consistently applied to ensure the risks are managed effectively.

## Grant Certification

Internal Audit resource has been used to check and certify a significant number of funding streams which has required the Head of Internal Audit to sign off that grant funding terms and conditions have been met. The outcome of this work has helped to form an opinion on the control environment. During the year we provided certification on the following;

Funding Body	Grant	Claim Value £	Description
European Regional Development Fund	Investment Readiness	30,576	1 claim certified. Grants to small and medium sized businesses (SMEs)
European Regional Development Fund	Connecting Innovation	914,409	4 grant claims certified, this program was created to help businesses to innovate across Leeds City Region at the same level as other regions by enabling them access to specialist knowledge.
European Regional Development Fund	ReBiz	1,960,389	4 grant claims certified, grant to support SMEs identify and implement cost effective improvements in energy and resource efficiency.
European Regional Development Fund/ European Structural Investment Fund	Strategic Business Growth	938,085	4 quarterly claims certified, to provide an integrated package of advisory and financial support to help SMEs across Leeds City Region with growth potential.
Interreg SHARE-North	Art Forum Interreg/Share North/SMARTY	113,333	Several claims focused on SME expenditure, training grants etc
Dept for Business Energy and Industrial Strategy	BEIS Core Funding	780,000	Grant to businesses supporting the development of Growth Hubs
Department for Levelling up, Housing and Communities	Brownfield Housing Fund	16,146,481	Funding with the aim of creating more homes by bringing more brownfield land into development.

Funding Body	Grant	Claim Value £	Description
Department for Digital, Culture, Media & Sport	BDUK	1,720,037	Partnership with BT Openreach to deliver superfast broadband
Department for Transport	LTP	46,593,725	Capital transport expenditure provided to the Combined Authority.
Dept for Business Energy and Industrial Strategy	Peer Networks	93,896	Funding to support businesses with advice and guidance via its Growth Hub
Department for Levelling up, Housing and Communities	Community Renewal Fund-Retrofit Hub	346,928	Scheme to assist households in the Bradford area to deliver energy efficient measures
Department for Transport	Traffic Demand Management	22,655	Funding to support a local traffic demand management programme
Department for Transport	ZEBRA	n/a	Funding for bus improvements, audit certified that it would examine the controls and expenditure

## Adult Education Budget (AEB)

In Year 2 of WYCA control of the devolved Adult Education Budget (AEB) and delegated Level 3 (Free Courses for Jobs) Internal Audit continue to provide support at a strategic and workstream level.

Key Areas of Involvement during the last 12 months have included:

### Audit and Assurance

- Liaising with the Education and Skills Funding Agency (ESFA) and other MCA's on the Audit and Assurance and Fraud Investigations (AAFI) group.
- Evolving our compliance visit testing methodology, and planned and completed five audits on providers, with a further audit in progress. In addition, work has been on-going with the ESFA regarding the AEB content of compliance visits that they have undertaken on 3 providers.
- Maintaining dialogue with ESFA on providers we have in common with them, including discussions on providers that may be considered high risk.
- Formal assurance reporting to Department for Education for the funding received for both AEB (devolved) and Free Courses for Jobs (delegated) completed at various stages of the year.

### ICT and data

- Supported evolution of Power BI reporting, encouraging regular review of reports and subsequent expansion of reporting suite. Participate in regular review of reports / Provider performance.
- Work with ICT team to ensure on-going GDPR compliance with data extracted reviewed during audit activity.

### Procurement and Legal & Governance

- Participated in Performance Group monthly meetings.
- Reviewed the initial Funding Rules and changes needed to these during delivery to date.
- Supported requests for changes to allocations, as required, in line with performance data.

### Operational provider management

- Supported requests for changes to allocations, as required, in line with performance data.
- Supported worked on development of a Financial Due Diligence process which provides a RAG rating for Providers. This RAG rating is then used alongside other key information to decide upon Providers to be audited.
- Instigated a process for Local Authority assurance sign off – at this stage 3 out of 5 of our Local Authorities have returned their signed assurance documentation. Leeds & Bradford are still outstanding.

- Supported Provider event with an “insight to audit” session that gave providers an overview of how audits will be conducted and the key areas the audit will assess. Plans in place to repeat the session at this year’s Provider event.
- Supported internal discussions regarding Guided Learning Hours (GLH) and the gap between actual planned delivery hours and GLH. This has been substantiated by audit findings, and Internal Audit supported a recent roundtable event with Providers discussing impacts and possible adjustments to Funding Rules. Key issue, in that WYCA is not necessarily getting value for money with the way some courses are being delivered currently.
- Developed best practice guidance materials to ensure Providers have clear understanding of necessary checks required to confirm funding eligibility.

During the year Internal Audit have continued to struggle to recruit and retain auditors which has reduced the number of reviews that we have been able to carry out.

## Multiply

Multiply is a new government funded programme of numeracy skills training for adults as part of the £2.6 billion UK Shared Prosperity Fund (UKSPF) funding package.

35 The funding is to engage more adults with numeracy levels below level 2 (GCSE C/4 pass) in informal learning to boost their maths skills for life and work.

In July 2022 the West Yorkshire Combined Authority was granted approximately £12.4 million over 3 years to deliver this in our region in line with an approved Investment Plan.

Internal Audit has provided dedicated support on building the audit and assurance framework necessary to meet grant requirements and monitor providers.

Ongoing advice and guidance has been provided on evidence requirements and governance issues, including liaison with the Department for Education’s Multiply team.

This has been followed by a review of compliance with the grant agreement to support the signature of the Annual Assurance Statement signed by the Section 73 Officer at the end of the financial year 2022/23.

No significant concerns were identified during this work, but further control developments were recommended as the programme develops into the delivery and assessment stages.

## Third-Party Assurance

### Treasury Management

The Combined Authority uses the Leeds City Council Treasury Management team for its transactions and we are still awaiting Leeds Council's Internal Audit information for 22/23.

## Conformance with PSIAS

The work of Internal Audit must be conducted in accordance with the Public Sector Internal Audit Standards (PSIAS). Conformance with the standards provides an indication of the effectiveness of the system of internal audit. In doing so, assessment against the standards and CIPFA local government application note and development of Quality Assurance and Improvement Programme (QAIP) is essential. The QAIP must include a combination of internal and external assessments, internal assessments are periodic and ongoing whereas an external assessment must be carried out at least once every 5 years.

36 It has previously been reported that an external quality assessment of the Internal Audit activity was performed in April 2019. This assessment concluded that overall Internal Audit “generally conforms” with the requirements of the definition of Internal Audit, the Code of Ethics and PSIAS. An external assessment is due again in 2024. Internal Audit undertake a self-assessment against PSIAS annually and for 22/23 are confident that the team continue to meet the standards. The Audit Charter was reviewed as part of that self-assessment in January 2023, but no changes were made. The QAIP has been kept under regular review and Internal Audit effectiveness continues to be developed to ensure progress is made against areas identified for improvement.

## Recommendation Follow Up

As part of the Public Sector Internal Audit Standards, audit are required to consider how well recommendations agreed with management are being implemented. Recommendations are made to address risks arising and weaknesses in controls. Once a recommendation is agreed an implementation timetable is set and the action is recorded in the Audit Actions Register. These actions then form part of an ongoing cycle of follow up work during the year and progress is reported to the Governance and Audit Committee. Recommendations are followed up to ensure that they are implemented and where there is delay the internal Regulatory and Compliance Board is advised. In addition, we track all outstanding recommendations (including prior years) across directorates as part of the internal performance monitoring and future audit planning processes.

## Performance Indicators

PI area	PI description	Target	Actual performance
<b>Issuing Reports</b>	Final report on audits to be issued within 10 working days from completion of audit work	95%	80%
<b>Recommendations</b>	Percentage of agreed recommendations	100%	98%
<b>Grant Claims</b>	Grant claims processed within three working days of a fully completed file being received	90%	58%
<b>Customer Feedback</b>	Overall positive customer satisfaction rating (based on 6 out of 11 returned)	80%	100%
<b>Fraud/Whistleblowing</b>	Fraud/Whistleblowing acknowledged in 10 working days	100%	100%
<b>Fraud/Whistleblowing</b>	Fraud/Whistleblowing reports within 10 working days of completion	95%	33%

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**B Baker, Head of Internal Audit, June 2023**

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**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** Internal Audit Progress Report

**Director:** Angela Taylor, Director of Finance and Commercial Services

**Author:** Bron Baker, Head of Internal Audit

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this Report

- 1.1. To ask the members of the committee to consider and note the progress report and supporting Appendix.

## 2. Information

### Recruitment

- 2.1. A recruitment campaign has just been completed with interviews scheduled for week commencing 3 July 2023. The Combined Authority's recruitment agency partner is also trying to secure interim support for the team and another round of invitations to tender for possible co-source support will be undertaken from mid July should the current recruitment campaign not yield any results.

### Work against the new audit plan

- 2.2. Work continues for those reviews carried over into the 2023/24 audit plan and a small number of the new reviews have also started. The progress report appendix does give the summaries of those reviews completed since the last audit committee meeting for completeness irrespective of the year to which they relate.

## Fraud/Whistleblowing/Money Laundering

- 2.3. There has been one new external referral to date in 2023/24 and three investigations also carried forward from the previous year. Two of those cases have now concluded and a summary of the advisory memorandum issued to the business highlighting areas for improvement identified as part of the investigative work is included in Appendix 1.

### **3. Tackling the Climate Emergency Implications**

- 3.1. The internal audit plan for 23/24 includes an audit of the Combined Authority's external work on climate change which will in due course be reported to this Committee.

### **4. Inclusive Growth Implications**

- 4.1. Audit will continue to provide grant certification that includes those grants directly delivering on the inclusive growth objectives which will help to assure financial compliance with the grant conditions and affirm correct reporting on outcomes.

### **5. Equality and Diversity Implications**

- 5.1. Further audits of progress against EDI implementation and compliance are scheduled for completion in 23/24.

### **6. Financial Implications**

- 6.1. There are no financial implications directly arising from this report.

### **7. Legal Implications**

- 7.1. There are no legal implications directly arising from this report.

### **8. Staffing Implications**

- 8.1. There are no staffing implications directly arising from this report.

### **9. External Consultees**

- 9.1. No external consultations have been undertaken.

### **10. Recommendations**

- 10.1. That the Committee consider and note the progress update.

### **11. Background Documents**

There are no background documents referenced in this report.

## **12. Appendices**

Appendix 1 – Internal Audit Progress Report

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# Governance and Audit Committee Internal Audit Progress Report

July 2023

# Appendix 1

## 1.Key Headlines / Index

**Top three issues** – Getting organisation evolution work right, transport for the region (bus reform, rail policy, mass transit), new integrated corporate system.

**Reports issued – Page 2** provides an update of work carried out since the last report to Committee.

**Progress against 2023/24 Audit Plan and any planned changes – Page 8 onwards** shows progress against the plan. there has been focus on completing the 2022-23 plan with a number of reviews carried forward for completion in the first quarter, work on the 2023-24 plan is now also progressing.

**Outstanding actions-** At **page 12** the status of audit recommendations has been provided along with an update on any ‘in progress’ recommendations, there are no overdue recommendations.

**44 Feedback from clients – Page 14** provides details of feedback received from recently issued reports to date and these have been included.

**Performance Measures - Page 15** provides details on our performance measures.

## 2. Reports Issued/ Progress Updates since the last Committee Meeting

### Audit Report- Contract Management (Battery Powered Displays for Bus Stops and Shelters)

Internal Audit reviewed the Battery Powered Displays for Bus Stops and Shelters call-off arrangement, managed within ICT Services, for compliance with contract standing orders and the National Audit Office's Contract Management Framework. The review resulted in an audit opinion of **REASONABLE** assurance and it was concluded that overall there was good ongoing compliance with contract standards.

The review noted that the call-off agreement with the supplier had been set up in compliance with contract standing orders and appropriate declarations of interests had been submitted. There was a dedicated officer who had good oversight of the contract and there was regular engagement with the supplier to ensure delivery and performance was in accordance with the contract specification. There was also appropriate monitoring of expenditure although we did recommend that this area and overall financial monitoring could be improved and made 2 recommendations for management to action.

### Audit Report- Flexi Bus

Internal Audit reviewed the trial Flexi Bus scheme which had been operating for around 18 months. The audit scope and control objectives included:

- arrangements were adequate to manage the agreement with the bus operator,
- scheme was being delivered in accordance with the contract,
- performance of the service was measured and action taken where deemed necessary,
- a review of the procurement process.

The review highlighted a number of operational issues which impacted on the effective delivery on the scheme however controls were in place to manage these issues therefore the review was given a **REASONABLE** assurance rating. Audit made recommendations to review the service and reflect, via a lesson learned approach, on whether the scheme was meeting the objectives it was set up to deliver.

### Audit Report- Security of Assets

This review examined the adequacy of controls in place to manage the New Generation Transport portfolio within the Facilities and Assets service area. The audit scope covered the following;

- policies and procedures
- property records and property management
- new agreements, renewals and termination of leases including rent reviews
- income collection and debt recovery.

The review concluded that while improvements to processes had been made, further work was required to strengthen controls and the report gave a **LIMITED** assurance rating. Audit recommendations were made to improve procedure notes to ensure there was consistency in approach to new, renewal and termination of leases and rent reviews. In addition, it was also recommended to review current lettings practices to minimise the risk of large amounts of rents accruing and to ensure a clear framework and guidance to staff involved in debt recovery.

### Audit Report- Equalities (EDI)

The audit considered the adequacy and effectiveness of controls in place to develop, implement and embed equity, diversity and inclusion (EDI) by reviewing plans and strategies, governance arrangements, accuracy of both qualitative and quantitative data and arrangements to promote an EDI culture across the organisation. The audit was given a **LIMITED** assurance rating.

Recognising that significant progress has been made to foster a positive EDI culture particularly by leaders there was some reservations that plans and actions were unachievable with the current level of resource in place. Some rationalisation was required to priorities tasks within the various work streams and present information in a manner that could be more easily communicated. The newly formed EDI Performance and Oversight Board should provide the necessary oversight once its role is fully embedded which would include reporting of appropriate management information as well as monitoring of EDI activities. Audit made 4 recommendations for management attention to address issues arising during the review.

### Audit Report-- Contract Management (Facilities Management)

Internal Audit reviewed the Facilities Management contract operated within the Facilities and Assets service area, for compliance with contract standing orders and effective contract management. The review resulted in an audit opinion of **MINIMAL** assurance and overall, the system of internal control was found to be a weak framework with controls inconsistently applied.

The review made a series of recommendations to address issues including a lack of documentation to effectively support delivery and oversight of the contract. The contract was due for renewal however re-tendering action had not been commenced and there was a risk the Authority would be engaging in work without the safeguards of a contract agreement in place. It was also found that there was inconsistent management oversight and there was no evidence that there was any monitoring of the performance

of the supplier. it was also noted that there was little division of duties and controls in place to segregate the approval and authorisation of invoices for payment and it proved difficult to reconcile expenditure incurred.

### Audit Report- ICT Vulnerability Management

The objective of this review was to verify whether there were appropriate controls in place to minimise key risks associated with IT vulnerabilities across the WYCA infrastructure. The audit's scope and control objectives included:

- Vulnerability management policies and procedures
- Vulnerability discovery process
- Vulnerability reporting, remediation and rescan process
- Trending and Metrics

The review highlighted a number of key risks around an out of date policy on patching, the slow rate of remediation of required patches including the manual nature of patching servers currently and the need to fully utilise the tools and systems available to the ICT team. The report gave a **LIMITED** assurance rating and a full discussion with the Head of ICT confirmed the actions that were being taken to address the recommendations made in the report.

### Audit Report – AEB Provider Review (5)

This AEB provider was selected for review due to the abnormally high number of entries on two of the AEB team's performance management exception reports. The review considered the explanations supplied by the provider for these anomalies as well as the usual review of systems, processes, controls and compliance with WYCA funding rules. The review concluded that an assurance rating of **MINIMAL** assurance was appropriate.

This rating was based on our opinion of a weak framework of controls with inconsistent application and the large number of corrections that the provider made to their final submission for the academic year, this was after some of these issues had been identified at the start of the audit. There was also further clawback of payment as a result of the audit.

It was evident to our auditors that the provider had been working hard to improve controls and the application of controls during and on conclusion of the audit, but the level of improvement required, we believe, necessitates the need for a further audit at the end of the next academic year to ensure these changes are embedded.

### Audit Report - AEB Provider Review (6)

Internal Audit's sixth Adult Education Budget (AEB) provider visit has been conducted, concluding that an audit opinion of **REASONABLE** assurance can be given.

The review focussed on compliance with the WYCA AEB funding and management rules, accuracy of data submission, that delivery of provision is in line with expectations and that the provider has appropriate procedures and controls in place. The audit findings confirm robust processes for learner registration and progress reporting, a good understanding of WYCA funding rules and with only a few minor issues identified from the sample of learner files tested and a small amount of clawback identified. Some recommendations were made for improving error identification and correction and the recording of this information.

### Audit Memorandum – Connecting Innovation Controls Advice

Internal Audit completed an investigation into two claims made on the Connecting Innovation fund which, while they concluded separately, did identify some areas for improvement of controls for future funding of a similar nature. A workshop session was held with the Connecting Innovation team which then informed this memorandum and a number of recommendations to be applied going forward. The recommendations covered the following points:

- Clear initial assessment through provision of a business case that aligns to the funding aims
- Basic due diligence and Know Your Customer Checks on applicants and proposed suppliers, clear geographical parameters on location
- Better stipulation of procurement processes to be followed, engaging with the procurement team to establish these in a proportionate way
- Clearer stipulation on evidence to support outputs, benefits to be delivered and defrayal.

### Adult Education Budget (AEB) Progress Update

Work is continuing on provider audits to support the annual rolling programme of AEB assurance reviews with one audit currently in progress. The team are also supporting the AEB Annual Conference by providing a number of workshops on the audit approach to providers of AEB training and support.

The main focus of the AEB work over recent weeks has been the completion of the annual assurance statement to the Department for Education (DfE) which has now successfully been submitted following sign off by the Section 73 Chief Finance Officer.

The team are currently attempting to recruit to the two vacancies in the team and interim support is being sought to help to mitigate the resource issues in the short term.

## Counter Fraud, Whistleblowing and Anti Money Laundering

There has been one new referral in 23/24 to date and three cases that carried forward from 22/23. Out of those four cases, two are still under investigation and two have closed. Work is due to get underway shortly to develop the Counter Fraud Strategy that will include proposed actions for proactive detection and deterrent work.

The table below provides a summary of referrals reported during 2023-24, including carry over from the previous year.

	Total number of referrals 23/24	Investigation completed - No breach/ no further action / not proven	Investigation completed – further action taken	Under investigation
Fraud – External	1 new 1 (c/f from 22/23)	N/A	1	1
Fraud – Internal	1 (c/f from 22/23)	N/A	N/A	1
Whistleblowing	1 (c/f from 22/23)	1	N/A	0
AML	0	N/A	N/A	N/A

## Grant certification

Internal Audit resource continues to provide certification in accordance with the funding bodies grant determination letter requiring the Head of Internal Audit to sign off that the grant conditions have been met. Since we last reported to Committee in March 2023, Audit have reviewed and certified the following.

Grant/Fund	Claim Period	Value certified £
Connecting Innovation	Q1 (01/01- 31/03)	220,001
Rebiz (REF2)	Q1 (01/01- 31/03)	747,115
Strategic Business Growth	Q1 (01/01- 31/03)	315,239
BEIS	2022-23	390,001
Brownfield Housing Fund	2022-23	n/a



## Internal Audit Plan 2023/24

	Assurance Area	Scope	Current Status/Timetable
1	Connecting Innovation Controls Advisory report	Review of the Connecting Innovation fund to suggest improvements to controls and processes. (carried over from 22-23)	Advisory Report Completed (see above)
2	Adult Education Budget-Assurance statement	A review of the governance and financial arrangements of the Adult Education Budget programme to inform the Assurance Statement to the DfE.	Completed
3	GDPR (ICO Framework)	This audit is focused on a high-level review of compliance with expectations in the Information Commissioner Office Accountability Framework (carried over from 22-23)	At Draft Report Stage
4	Compliance with Contracts Standing Orders & Financial Regulations	Review focuses on control and use of Procurement Cards (carried over from 22-23)	In progress
5	Police and Crime Team Commissioning (including violence reduction unit)	A review to consider how the Police and Crime team processes are fitting into the CA ways of working to ensure agile responses to short term funding. (carried over from 22-23)	In progress
6	Project Review (Rail car parking package)	A review of the Rail car parking package to examine compliance with the Assurance Framework and good project management principles. (carried over from 22-23)	In progress
7	AEB Provider Review 7	This review forms part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence is to be tested to ensure the reporting, eligibility of	In progress

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		learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place.	
8	Contract Management (sample to confirm compliance with Fin Regs/ Contracts Standing Orders and good practice)	Contract reviews to ensure compliance with contract standing orders and contract management principles across the organisation.	In scope
9	Climate Change	To examine the CA's progress against its external plans to manage climate emergency.	In scope
10	Procurements (sample to confirm compliance with Fin Regs/ Contracts Standing Orders)	To review a selection of recent procurements and examine compliance with financial regulations, contract standing orders and procurement rules	Quarter 1-2
11	Project and Programme Assurance (various reviews) including use of PIMS and overall view of use of funding (e.g. Gainshare)	Project and programme assurance reviews to be undertaken. The reviews will primarily focus on compliance with the Assurance Framework as well as good project and contract management principles.	Quarters 1-4
12	Physical security including responsibilities and the social element of security	To review access arrangement and physical security of CA property and risk of social engineering.	Quarter 2
13	Central review of contract management to consider standards, support, guidance and monitoring.	To examine the central approach to Contract Management support provided to the organisation,	Quarter 2
14	HR – with an emphasis on recruitment/ retention/ succession planning	To review the arrangements to support recruitment and retention and succession planning.	Quarter 2
15	ICT – various, including Cyber Security and PCI	A programme of ICT audits provided by Salford Internal Audit Services informed by the 22/23 audit work.	Quarter 2-3

16	TPS Financial Controls follow up work	This work will follow up the 22/23 audit which culminated in a minimal assurance rating.	Quarter 2-3
17	Compliance with Contracts Standing Orders & Financial Regulations	Focus on the current financial system and processes.	Quarter 2-3
18	Data Quality	To review the project examining the provision of data for the region.	Quarter 2/3
19	Counter Fraud work	To undertake proactive counter fraud work to strengthen controls to prevent, detect and investigate theft, fraud and corruption	Quarters 2-4
20	Integrated Corporate System (HR, Finance, Payroll)	To review progress with implementation of the new Integrated Corporate System and more specifically aim to provide assurance that new controls are effective, and benefits of the new system are being realised.	Quarter 3
21	Financial Management and Business Planning – a rolling programme of reviews over a 3-year cycle to assess controls, governance and risk management of these linked processes.	A rolling programme of reviews over a 3-year cycle to assess controls, governance and risk management of these linked processes.	Quarter 3
22	Security of Assets	Informed by our 22/23 audit work, to continue to review asset management processes.	Quarter 3
23	Health & Safety	To provide assurance that HS policies and practices are up to date and meet legislative requirement and review processes around incidents and reporting of these and actions taken as a result.	Quarter 3
24	Supply chain financial liquidity, with an emphasis on risk management and business continuity plans	To examine the due diligence and financial check processes on the CA's processes	Quarter 3

25	Equality, Diversity and Inclusion (progress against the Local Govt Framework and internal EDI measures)	To examine EDI implementation across the organisation and examine progress in areas highlighted for improvement in the 22-23 audit. And to carry out compliance work to determine how well EDI is being embedded in the CA.	Quarter 4
26	GDPR	To focus on compliance with policies and practices in directorates including following up on 22/23 audit findings.	Quarter 4
27	Risk Management	Health check of the risk management arrangements to inform the audit opinion	Quarter 4
28	Adult Education Budget	Reviews in line with the Assurance framework for AEB to give programme assurance	Quarter 4
29	Code of Corporate Governance and Compliance with sub delegations	This review will focus on review of the revised delegations and proposed review of the Code.	Quarter 4
30	Multiply – advice and guidance on new funding stream in line with DfE requirements	Ongoing advice and guidance on requirements of the programme and review to inform the year end annual assurance statement to the DfE.	Ongoing
31	Grant Audits	In line with funding applications and funding agreements	As required
32	Attendance on Boards	Advice and guidance to inform the control framework	Ongoing
33	Various grant certifications	In line with funding applications and funding agreements	See above table

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### Overall Opinion Ratings

Level of Assurance	Description
Reasonable	There is a good framework of controls in place and the majority of controls are being consistently applied to ensure risks are managed effectively.
Limited	There is an adequate framework of controls in place but the controls are not being consistently applied to ensure the risks are managed effectively.
Minimal	There is a weak framework of control in place and/or the controls are not being consistently applied to ensure the risks are managed effectively.

### 3. Audit Follow up

In line with Public Sector Internal Audit Standards and internal procedures, progress against implementation of agreed actions (audit recommendations) is followed up with the action owner/management at periodic intervals. These follow ups vary between, a formal evaluation of evidence to assess the progress management have made, to obtaining a status update from action owners. Audit is reviewing its follow up processes to ensure these remain effective, particularly where a Limited or Minimal assurance audit rating is given.

The table below shows the status of agreed actions (also from advisory reviews) arising from April 2022. Whilst showing a significantly high percentage of in progress recommendations, of the 57, 26 relate to one report (previously reported to this Committee) and will form part of formal follow up work in 23/24. Audit continues to work with management/action owners to ensure agreed actions are implemented in a timely manner to mitigate governance, risk and control issues. A summary against implementation of “In progress” recommendations is also provided. Management chose not to accept one recommendation although work is ongoing to introduce compensating processes and controls.

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<b>Status of agreed actions</b>					
<b>Directorate</b>	<b>Total</b>	<b>Implemented</b>	<b>In progress</b>	<b>Overdue</b>	<b>Not to be Implemented</b>
Cross Cutting	10	7	3	0	0
Finance and Commercial	5	2	3	0	0
COO Direct report	3	0	3	0	0
Transport Policy and Delivery	0	0	0	0	0
Inclusive Economy, Skills & Culture	7	0	7	0	0
Strategy, Comm, Intelligence	4	0	4	0	0
Policing, Environment, Place	0	0	0	0	0
Transport Ops & Passenger Exp	44	6	37	0	1
Mass Transit	0	0	0	0	0
<b>TOTAL</b>	<b>73</b>	<b>15</b>	<b>57</b>	<b>0</b>	<b>1</b>
		20.55%	78.08%	0.00%	1.37%
<i>Previous report</i>					

Status of In progress recommendations		
Audit Area	In progress Recommendations	Status
Risk Management	3	Implementation of recommendations remain in progress and we have requested a further update.
Health & Safety	3	One recommendation around review of the H&S strategy has been partially implemented and is awaiting internal approval, the two other recommendations are in progress.
Customer Complaints & Casework	1	The recommendation is in progress with some delay due to staffing changes, a revised implementation has been agreed, the status of this recommendation will continue to be monitored.
Mcard APP	1	Implementation of recommendations remain in progress and we have requested a further update.
Transport and Property (Financial Controls)	26	Detailed feedback was provided in the March Governance and Audit Committee. A formal follow up of this audit this planned for Quarter 2-3.
Connecting Innovation controls advice	7	This is an advisory report, a summary of the findings is provided above in section 2.
Equalities (EDI)	4	A summary of the findings is provided above in section 2, audit will provide an update on the implementation of recommendations at the next update.
Security of Assets	6	A summary of the findings is provided above in section 2, audit will provide an update on the implementation of recommendations at the next update.
Contract Management – Real Time Bus Displays	2	A summary of the findings is provided above in section 2, audit will provide an update on the implementation of recommendations at the next update.
Contract Management – Facilities Management	3	Audit are at present following up these recommendations with Management and are awaiting a response.
Flexi Bus	1	This recommendation may no longer be applicable due to a change in service provision, audit awaiting feedback.

## 4. Customer Feedback

Since we last reported to Committee, Audit have received the following positive feedback;

Review name & report issue date	What did we do well?	What could we have done better?
Security of Assets	The Auditor was easy to talk to and discuss the various processes of how the Estate Team have developed the NGT Portfolio since it came within the Facilities and Assets department. Reading the finished report shows a true reflection of the work achieved and how we can move it forward and improve certain processes to reduce the risks.	n/a
Equalities (EDI) (May 2023)	Defined the scope effectively, working with the team to establish priority areas of focus that would enable greater controls, and management of the EDI programme.	It is a challenge, but with EDI being one of the cross-cutting themes, it's the extent to which internal audit of the EDI programme, accounts for services beyond the Strategy Team's leadership of EDI interventions, to account for related activities e.g. recruitment and diversity interventions in the HR team as one example. I have concerns we view the EDI scope in isolation, and we need to understand and define how the cross-cutting themes can be better understood and built into audit exercises. Especially, to map tensions between the cross-cutting themes e.g., achieving net zero timeline and enabling inclusion of people and wellbeing in society and the economy, as well as the controls and/or, improving controls to effectively monitor the performance of interventions and alignment to wider organisational strategy.

## 5. Performance Measures

The following provides some general performance indicator information to support the Committee in assessing the performance of Internal Audit.

Measure	Annual Target	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Annual Governance Statement deadline 2022/23 - to include annual audit opinion achieved	July (draft) March (final)	NA	NA	NA										NA
Compliance against Public Sector Internal Audit Standards - self assessment against the Local Govt checklist achieved	July (draft) March (final)	NA	NA	Met										Met
Customer Satisfaction (including question around EDI approach)	80% good or above	NA	100%	100%										100%
Reports issued within 10 working days from completion of audit work	95%	0%	67%	50%										27%
Percentage completed reviews against agreed plan, quarterly targets	Q1=10%, Q2=40%, Q3=70%, Q4=90%	0%	0%	7%										7%
Percentage of recommendations agreed	90%	99%	100%	NA										99%
Fraud/ Whistleblowing acknowledgement, where appropriate, within 10 working days	100%	NA	100%	NA										100%
Fraud/ Whistleblowing reports to be issued within 10 working days of investigation completion	95%	NA	N/A	0%										0%
Grant certifications to be completed within 3 working days (or to a separately agreed deadline) of a fully completed evidence file being received	95%	100%	100%	0%										100%



**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** External Audit Progress Report

**Director:** Angela Taylor, Director Finance and Commercial Services

**Author:** Angela Taylor, Director Finance and Commercial Services

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this Report

- 1.1 To provide an update on external audit matters that have occurred since the last meeting.

## 2. Information

### 2021/22 Audit of Accounts

- 2.1 Members considered at their last meeting Mazar’s audit report on the 2021/22 annual accounts. At that point audit work was substantially complete and the Committee approved the accounts, with any final changes to be shared with the Committee once the final points were cleared.
- 2.2 The Committee is aware of the delays nationally to completing local government audits. The delay has meant that the results of the triennial valuation of the Local Government Pension Scheme have been published prior to the conclusion of most 2021/22 accounts, including those of the Combined Authority. The triennial valuation in effect updates the estimated figures produced by the Pension Fund for use at 31 March 2022 and CIPFA has now ruled that bodies need to consider whether there is a material difference between the figures. This means final audited approval to 2021/22 accounts is paused – nationally – while this work is undertaken.

- 2.3 The statutory accounts for the Combined Authority are consolidated to include the accounts for West Yorkshire Police. Both organisations are in the process of updating the accounts for the revised disclosures arising from the additional information from the triennial valuation. Mazars are intending to address over the coming weeks the revised pension position alongside the minor matters outstanding that were reported previously. The adjustments to the pension disclosures will have no impact on the results for the year.
- 2.4 It is proposed that final revised accounts and updated report from the auditors be shared with the Committee when available. If there are material changes these will be brought to the September meeting for consideration and approval. The auditors will be in attendance at the meeting and will provide a verbal update.

#### 2022/23 Audit of Accounts

- 2.5 The delay to the conclusion of the 2021/22 audits means that meaningful work has not yet progressed on the audit of the 2022/23 accounts. It was always intended this would not be able to take place until late summer/autumn and at this stage Mazars are still considering their approach to the audit and the usual planning document will be available for the next meeting of the Committee.
- 2.6 The statutory deadline for production of the annual accounts for 2022/23 was reinstated to be 31 May. In previous years the timescales were relaxed to 30 September to recognise the practical challenges resulting from Covid-19. Despite concerns being raised through the consultation process to change the date the decision was made to reinstate the 31 May deadline.
- 2.7 In line with a significant number of other local government organisations the Combined Authority has focussed on responding to the need to re-consider the 2021/22 accounts and ensure accuracy and attention to detail for the 2022/23 accounts, particularly given that audit work is not likely to start for a number of months after the 31 May deadline. Draft financial statements are expected to be complete no later than the end of July and will be brought to the next meeting of the Committee along with an update on audit timescales.

### **3. Tackling the Climate Emergency Implications**

- 3.1. There are no climate emergency implications directly arising from this report.

### **4. Inclusive Growth Implications**

- 4.1. There are no inclusive growth implications directly arising from this report.

### **5. Equality and Diversity Implications**

- 5.1. There are no equality and diversity implications directly arising from this report.

**6. Financial Implications**

6.1. There are no financial implications directly arising from this report.

**7. Legal Implications**

7.1. There are no legal implications directly arising from this report.

**8. Staffing Implications**

8.1. There are no staffing implications directly arising from this report.

**9. External Consultees**

9.1. No external consultations have been undertaken.

**10. Recommendations**

10.1. To note the position with regard to external audit work.

**11. Background Documents**

There are no background documents referenced in this report.

**12. Appendices**

None.

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**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** **Compliance and Monitoring**

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**Director(s):** Alan Reiss, Chief Operating Officer

**Author(s):** Rebecca Brookes

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## **1. Purpose of this report**

- 1.1 To consider any changes to the arrangements for internal control in the West Yorkshire Combined Authority since the last meeting of the Committee.
- 1.2 To consider and identify any additional areas the Committee would like to see included in the proposed dashboard development.

## **2. Information**

- 2.1 This paper is provided to each meeting of the Governance and Audit Committee and provides information and assurance on governance issues. Any changes to, or failures of, internal control will be reported along with significant risk issues.

### **Internal controls**

- 2.2 There have been no significant changes to internal controls in the period and monthly reconciliations are up to date.
- 2.3 Work continues on the implementation plan for the integrated Finance, HR and payroll system CIAnywhere and progress has been made in considering the control environment. In particular access controls and security which have been considered by the Project Board which includes the Director, Finance and Commercial Services, Head of Finance and the Head of Internal Audit.
- 2.4 The Regulatory and Compliance Board at officer level continues to meet and will provide information as required to this Committee and the Combined Authority. Its meetings have considered assurances provided by the work undertaken by internal audit, health and safety, information governance, risks and controls and compliance including financial, procurement, customer contact, HR and other policies, safeguarding, statutory returns and transparency arrangements. Actions are being identified to ensure

compliance is adequately documented and evidenced. Internal Audit provides an update on its activities as a separate agenda item.

### **Key indicators**

- 2.5 The Committee has requested regular information via key indicators, specifically with regard to accidents reportable to the Health and Safety Executive and with regard to key controls.
- 2.6 No RIDDOR incidents have been reported since the previous meeting and in this financial year.
- 2.7 Key indicators are monitored in relation to the suite of financial controls undertaken monthly in both the finance and the concessions and integrated ticketing team. These are both up to date as at the time of writing this report.

### **Development of a Dashboard**

- 2.8 In order to support the reporting of key indicators and other management information for the Governance and Audit Committee, work is currently underway to review the reporting already in place through the newly established Corporate Performance Reporting arrangements, the Regulatory and Compliance Board and Internal Audit Progress Updates. It is anticipated that this dashboard will then form the basis for reporting on compliance going forward. It is also proposed to expand our publication scheme to include data on compliance and customer service performance.
- 2.9 Previous discussions with the Committee have identified a number of areas that the Committee would like to see included in the dashboard, for example:
  - 1. % of quorate committees
  - 2. % of committees cancelled
  - 3. Number of whistleblowing cases
  - 4. Number of fraud investigations
  - 5. % of audit recommendations implemented
  - 6. Number of limited assurances
  - 7. % of audits completed to plan
  - 8. % of committee self-reviews undertaken
  - 9. Customer service performance data
- 2.10 Work on this will take place over the summer with a view to bringing proposals for dashboard and expanded publication scheme to a committee meeting in October.

### **Financial Update**

- 2.8 The Combined Authority approved a revised revenue outturn budget at its meeting on 2 February along with the proposed revenue budget for 2023/24. Both of these presented a broadly balanced position after taking the opportunity to set aside some non recurring savings in 2022/23 to provide support in the coming year to bus tendered services and inflation on capital

programmes. The year end position largely mirrors the expected position and work is now underway to prepare a full three year financial strategy to support the budget work that will commence in the autumn.

- 2.9 Capital expenditure forecasts were reported to the Combined Authority in February 2022 and to the Finance Resources and Corporate Committee in March 2022. Actual expenditure to the end of March 2023 was only slightly down on the £227m forecast reported.

### **3 Tackling the Climate Emergency Implications**

- 3.1 There are no climate emergency implications directly arising from this report. All projects approved through the assurance process are required to consider climate impact.

### **4 Inclusive Growth Implications**

- 4.1 There are no inclusive growth implications directly arising from this report. All projects approved through the assurance process are required to consider their impact on inclusive growth.

### **5. Financial Implications**

- 5.1 As set out in the report.

### **6. Legal Implications**

- 6.1 There are no legal implications directly arising from this report.

### **7. Staffing Implications**

- 7.1 There are no staffing implications directly arising from this report.

### **8. External Consultees**

- 8.1 No external consultations have been undertaken.

### **9 Recommendations**

- 9.1 That the Committee consider the information contained in this report.
- 9.2 That the Committee identify any additional areas for inclusion in a future dashboard.

### **10 Background Documents**

None

### **11 Appendices**

None.



**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** Treasury Management

**Director:** Angela Taylor, Director Finance and Commercial Services

**Author:** Angela Taylor, Director Finance and Commercial Services

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this Report

- 1.1 To provide members with an update on Treasury Management activities since the last Committee meeting held in March 2023.

## 2. Information

- 2.1 The regular governance meetings continue to be held with both Treasury partners (separate arrangements are in place for the Police Fund) to consider and review the transactions relating to investments and treasury management. No areas of concern were raised at the last meeting held on 17 April 2023, with Leeds City Council, nor at the meeting with Wakefield Council on 4 July 2023 in relation to the Police Fund. The high level of cash balances and the challenges with regard to placing funds with approved counterparties, is unchanged as previously reported. The next meeting with Leeds City Council takes place after publication of these papers and a verbal update on any items of note will be provided at the Committee meeting.
- 2.2. It remains the intention to bring together all the treasury management arrangements such that they will be administered by a single partner authority and this is a key outcome in the Finance Plan on a Page for 2023/24.
- 2.3. The Combined Authority capital programme wholly relates to investment in Transport infrastructure and Economic regeneration projects. The Police Fund

capital programme covers police related schemes such as vehicles, police stations and investment in new information and communications technology. The capital programme for the Police Fund is recorded separately in accordance with legislation and is therefore excluded from the above figures.

- 2.4. The Treasury Management Statement and Strategy was approved by the Combined Authority at their meeting held on 2 February 2023 following approval by Governance and Audit Committee in January 2023 and a half year update will be provided later in the year.

### **Implementation of the CIPFA Codes of Practice 2021 – key update**

- 2.5. Work remains ongoing in the implementation of CIPFA's revised Codes of Practice for Capital and Treasury Management from 1 April 2023. The Treasury Strategy Statement 2023/24 has incorporated those requirements and a new reporting pack for GAC is under development and will be considered at the quarterly meeting with Leeds City Council on 17 July prior to sharing with the Committee.

### **Economic Outlook**

- 2.6. The Bank of England has continued to raise interest rates incrementally with the last increase of a full half percent, the thirteenth consecutive increase, taking base rate to 5%. Advisors now forecast that this may peak at 6% or 6.25%, but this is dependent on whether inflation falls having unexpectedly held steady at 8.7% in the year to May.. The expectation is that base rate would then start to fall during 2024.
- 2.7. As with any forecast the above is subject to change and revision as market and economic conditions evolve.

### **Training**

- 2.8. The Committee has previously welcomed the opportunity for training in treasury management, with this having been provided by Treasury colleagues at Leeds City Council. Members are asked to confirm if they would find refresher training useful, and officers will then arrange a suitable time.

## **3. Tackling the Climate Emergency Implications**

- 3.1. There are no climate emergency implications directly arising from this report.

## **4. Inclusive Growth Implications**

- 4.1. There are no inclusive growth implications directly arising from this report.

## **5. Equality and Diversity Implications**

- 5.1. There are no equality and diversity implications directly arising from this report.

## **6. Financial Implications**

6.1. None arising directly from this report. The treasury management strategy will inform and shape future financial decision making.

**7. Legal Implications**

7.1. There are no legal implications directly arising from this report.

**8. Staffing Implications**

8.1. There are no staffing implications directly arising from this report.

**9. External Consultees**

9.1. No external consultations have been undertaken.

**10. Recommendations**

10.1. That the Committee notes the report.

**11. Background Documents**

There are no background documents referenced in this report.

**12. Appendices**

None.

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**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** **Risk Management**

**Director:** Alan Reiss, Chief Operating Officer

**Author:** Katie Wilby, Corporate Programme Manager

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this Report

- 1.1. To advise the Committee of the progression of plans to review the organisation's corporate risk management strategy.
- 1.2. To provide an update on corporate risk for the previous quarter.

## 2. Information

- 2.1. The Committee has previously endorsed the shift in approach to a risk management strategy and associated risk management tools, agreeing in March 2023 to update these to reflect the Combined Authority's outcome led organisational operating model and structure. This will update how and where risks are viewed and managed across the Combined Authority.
- 2.2. The Corporate Planning and Performance Team is working in partnership with Directorates to embed a focus on more active risk management, ensuring the strategy is consistently applied and that teams are supported to monitor and control risks and issues arising in delivery of business plan objectives effectively.
- 2.3. The outcomes of this are fed into a monthly business plan monitoring report which is considered by Directors as part of internal governance to monitor and assess corporate performance.

- 2.4. This report has identified that key challenges facing the organisation remain resourcing and capacity as possible hindrances to meeting corporate objectives for the region. Mitigations to this include prioritisation of projects and securing additional resource where pressure points exist so as not to breach approved tolerances.
- 2.5. It has become apparent that as the organisation continues to evolve there is a need to review the corporate approach to risk at all levels of the organisation's work. The objective is to ensure that risk management is a planned and systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities facing the organisation, and to establish and maintain an appropriate risk appetite with proportionate boundaries and tolerances.
- 2.6. Senior managers have recently held a workshop during which a review of current risk approach was held to establish whether this remains fit for purpose. The outcomes of this workshop resulted in agreement that there is clear appetite for further improvement and development in how we manage risk. There is therefore an opportunity to revise the current approach to risk management, and to embrace a change of methodology to best suit the organisation.
- 2.7. Directors will consider options for a review of risk management and risk appetite on 14 July, following which these will be tested with Heads of Service via Senior Management Team. It is intended that a review will support consistent prioritisation of risk management across the organisation, and in particular the management of cross-cutting risks that need to be managed at a corporate level.
- 2.8. The Committee are asked to note and agree this approach, with a view that the outcomes of any such review be brought to the Committee for endorsement in due course.
- 2.9. In the intervening period risks associated with business plan delivery will continue to be managed through the corporate performance monitoring and reporting process. Senior managers will monitor and assess corporate risk as a matter of routine pending the agreement and application of a refreshed approach.
- 2.10. As part of the redesign of the organisation, the responsibilities of the Head of Legal and Governance (Monitoring Officer) have been expanded to include risk, internal governance and compliance, resulting in the post being amended to Deputy Director of Legal, Governance and Compliance. They will report to the Chief Operating Officer.

### **3. Tackling the Climate Emergency Implications**

- 3.1. There are no climate emergency implications directly arising from this report. A comprehensive and well managed approach to risk will allow the Combined Authority to identify and mitigate risks associated with the climate emergency.

### **4. Inclusive Growth Implications**

4.1. There are no inclusive growth implications directly arising from this report. A comprehensive and well managed approach to risk will allow the Combined Authority to identify and mitigate risks associated with Inclusive Growth.

## **5. Equality and Diversity Implications**

5.1. There are no equality and diversity implications directly arising from this report. A comprehensive and well managed approach to risk will allow the Combined Authority to identify and mitigate risks associated with EDI.

## **6. Financial Implications**

6.1. There are no financial implications arising directly from this report. It is acknowledged that effective management of and planning for financial risks within the risk management strategy forms a key part in mitigating financial risks to the organisation.

## **7. Legal Implications**

7.1. There are no legal or compliance matters arising directly from this report. It is acknowledged that effective risk management and communication of the matters within this forms a key part of ensuring the organisation meets its legal obligations.

## **8. Staffing Implications**

8.1. There are limited HR implications arising from this report, recognising that the management and mitigation of risk is a core part of all officers roles. Resource to progress the review will need to be identified and prioritised alongside existing work.

## **9. External Consultees**

9.1. No external consultations have been undertaken.

## **10. Recommendations**

10.1. That the committee notes the update provided.

## **11. Background Documents**

11.1 There are no background documents referenced in this report.

## **12. Appendices**

12.1 None.





**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** Code of Corporate Governance

**Director:** Alan Reiss, Chief Operating Officer

**Author:** Katie Wilby, Corporate Performance Manager

Is this a key decision?	No
Is the decision eligible for call-in by Scrutiny?	Yes
Does the report contain confidential or exempt information or appendices?	No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	Yes

## 1. Purpose of this Report

1.1. To advise the Committee on progress to revise the Code of Corporate Governance.

## 2. Information

2.1. West Yorkshire Combined Authority has previously approved each year a Code of Corporate Governance ('the Code'). This follows the guidance set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) with regard to the governance principles that all public authorities should define and against which they should then hold themselves to account.

2.2. Following the creation of the Mayoral Combined Authority, amendments were made to the existing guidance to reflect the extent of governance changes arising. This was approved at the Combined Authority Annual Meeting in June 2022.

2.3. The Combined Authority is committed to meeting the principles set out in the Code, and it is the responsibility of the Governance and Audit Committee to keep corporate governance matters under review. As part of this process the Committee undertakes regular reviews throughout the year with a formal review at the year end of the processes and systems in place during the year.

- 2.4. The organisation has undergone an evolution programme to shift away from a 'process' based model towards an 'outcome/mission' based model, giving greater transparency of senior accountability across key areas and a greater read across from job roles to key performance outcomes for West Yorkshire. These missions are set out in the West Yorkshire Plan which was adopted by the Combined Authority in May 2023. There are therefore clear links to corporate governance, accountability, transparency and delivery of value for money in public spend.
- 2.5. The Code has been revised to take into account changes in organisational arrangements made so far. This is included as Appendix 1. These changes are:
- To reflect the change from LEP Panels to Combined Authority Committees.
  - To reflect the integration of the LEP into the Mayoral Combined Authority, and private sector representatives on decision-making committees.
  - To reflect the expansion of our inclusive engagement activity beyond YourVoice to ensure we listen to diverse communities
  - To take into account the adoption of the West Yorkshire Plan and the annual State of the Region.
- 2.6. The Organisational Evolution work to review the organisation's structure, operating model and ways of working will continue, particularly with regard to ensuring the organisation is ready for the delivery of mass transit, bus reforms, and potentially a deeper devolution deal. There will now be a further review of the Code to ensure it is kept up to date with these changes, and progress will be reported in the Autumn.
- 2.7. The Committee is asked to note the changes to the current Code of Governance, and to endorse the plan to continue to review the Code in line with the Organisational Evolution work, with further reports on progress to the next Governance and Audit Committee in Autumn 2023.

### **3. Tackling the Climate Emergency Implications**

- 3.1. The Code of Corporate Governance is in place to ensure that the Combined Authority is able to meet corporate objectives, including in relation to the environment.

### **4. Inclusive Growth Implications**

- 4.1. The Code of Corporate Governance has inclusion at the heart of its function and objectives, as set out in the Code's introductory statement: "... it is about 'how bodies ensure they do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner'".

### **5. Equity and Diversity Implications**

- 5.1. Equity, Diversity and Inclusion is embedded in the Code of Corporate Governance as a reflection of the organisations objectives and commitment to championing the region.

### **6. Financial Implications**

6.1. There are no financial implications directly arising from this report.

## **7. Legal Implications**

7.1. There are no legal implications directly arising from this report.

## **8. Staffing Implications**

8.1. There are no staffing implications directly arising from this report.

## **9. External Consultees**

9.1. No external consultations have been undertaken.

## **10. Recommendations**

10.1. That the Combined Authority endorses the proposed revisions to the Code of Corporate Governance and the proposal to review it further and receive a report in the Autumn.

## **11. Background Documents**

11.1. There are no background documents referenced in this report.

## **12. Appendices**

[Appendix 1 – Corporate Governance Code and Framework](#)

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## West Yorkshire Combined Authority

### Corporate Governance Code and Framework

#### Introduction

The definition of corporate governance is that it is about ‘how bodies ensure they do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and culture and values, by which bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.’

West Yorkshire Combined Authority, which includes the Mayor of West Yorkshire's Policing and Crime function, has approved and adopted a code of corporate governance which captures the Mayor's duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, and is consistent with the principles of the best practice guidance issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). CIPFA/SOLACE updated this guidance in 2016 with their new framework to assist organisations in ensuring that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. The previous six core principles are replaced by the following seven principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management;
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Combined Authority is committed to meeting these principles and this statement sets out how the supporting principles beneath each statement will be achieved, monitored and reviewed. It is the responsibility of the Governance and Audit Committee

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to keep corporate governance matters under review. As part of this process it undertakes regular reviews throughout the year with a formal review at the year end of the processes and systems in place during the year. This includes the results of the work carried out by the internal audit section. The Committee reviews and approves the Annual Governance Statement which forms part of the statutory annual accounts which are subject to external audit. A Joint Independent Audit and Ethics Committee has oversight of the governance arrangements for the Mayor's PCC functions and West Yorkshire Police.

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law</p>	<p>We will: Behave with integrity</p>	<ul style="list-style-type: none"> <li>• A Code of Conduct for Members and the Mayor to ensure that high standards of conduct are maintained. The Code has been extended to include private sector LEP Board members.</li> <li>• Established a procedure outlining arrangements for breaches of the Member Code of Conduct.</li> <li>• An Employee Code of Conduct that sets down standards of behaviour and conduct the Combined Authority expects of its employees. Reference is made to the Code on the Induction Checklist.</li> <li>• A Policing and Crime Team Code of Conduct.</li> <li>• Clear decision-making processes to ensure that all those responsible for taking decisions have the necessary information on which to do so with appropriate and up-to-date Scheme of Delegation.</li> <li>• The Mayor’s Scheme of Delegation, Financial Regulations and Contract Regulations and Scheme of Consent have been developed in accordance with the Home Office Financial Management Code of Practice to enable effective accountability and govern the relationship between the Mayor and West Yorkshire Police.</li> <li>• An employee policy for acceptance of gifts and hospitality.</li> <li>• Registers of Members’ interests and records of gifts and hospitality are published on the Combined Authority’s website. Registers of interest for LEP Board members are also published.</li> <li>• Members’ declaration of interests are a standing item on all agendas. Minutes show declarations of interest were sought and appropriate declarations made.</li> <li>• A complaints policy that is published on the Combined Authority’s website and is supported by an on-line form. A complaints policy has been developed for decisions of the LEP and published on the website.</li> <li>• A whistle blowing policy is on the website that also covers the staff within the Policing and Crime Team.</li> </ul>

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		<ul style="list-style-type: none"> <li>• A confidential reporting policy is in place to enable police officers and police staff to report any concerns about malpractice or unlawful actions without fear of recrimination, via 'Anonymous Messenger system within West Yorkshire Police' that Staff in the Mayor's Policing and Crime Team have access who receive reports directly that refer to the conduct of the Chief Constable.</li> </ul>
	<p>We will: Demonstrate strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• Policies and procedures that make up the Constitution of the Combined Authority set out delegations of the Combined Authority, to committees and senior officers, and the decision-making process to be applied. It also emphasises that the Combined Authority will act within the law. Similar processes are in place for the activities of the LEP Board, and the Mayor's Policing and Crime functions.</li> <li>• Terms of Reference that exists for all committees.</li> <li>• Organisational values continue to be developed and embedded to ensure they influence the required behaviours for employees for the new organisation.</li> </ul>
	<p>We will: Respect the rule of the law</p>	<ul style="list-style-type: none"> <li>• The Head of Legal and Governance Services is designated as the Authority's Monitoring Officer and attends all Combined Authority and LEP Board meetings.</li> <li>• Anti-Fraud, Bribery &amp; Corruption and Anti-Money Laundering Policies which is supported by a Whistleblowing Policy. There is a Whistleblowing hotline and procedure for employees and customers to report irregularity and fraud.</li> <li>• Maintenance of records of legal advice provided by officers.</li> </ul>

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>B. Ensuring openness and comprehensive stakeholder engagement.</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders. NB: institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.</p>	<p>We will: Be open</p>	<ul style="list-style-type: none"> <li>• Adoption of a Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request. Details are on the Combined Authority’s website.</li> <li>• Adoption of a standard reporting format in relation to all committee reports. Agendas, reports and minutes of all meetings are published on the Combined Authority’s website. Meetings are open to the public unless in the case of exempt items and the Combined Authority’s meetings are live streamed.</li> <li>• Dates for submitting, publishing and distributing reports in accordance with statutory requirements are set and adhered to.</li> </ul>
	<p>We will: Engage comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> <li>• Ongoing partnership arrangements with District authorities are in place and under continuing development.</li> <li>• A Memorandum of Understanding is in place with the West Yorkshire universities, setting out areas of common interest.</li> <li>• The Combined Authority fosters close links with the local District Councils, facilitated by the appointment of senior politicians from these Districts to the Combined Authority. At the officer level, the Combined Authority and District Councils work closely in all areas and have made significant progress in strengthening relationships and ways of working through the transition to the Mayoral Combined Authority and beyond, to shape shared priorities and outcomes for West Yorkshire. The Chair of the Leeds City Region Enterprise Partnership (LEP) sits on the Combined Authority to assist in ensuring close working with local businesses.</li> <li>• The Mayor and Deputy Mayor for Policing and Crime fosters close links with the Partnership Executive Group (PEG), which is an important partnership which is well established to support the development and delivery of the Mayor’s Police and Crime Plan.</li> </ul>
	<p>We will: Engage with individual citizens and</p>	<ul style="list-style-type: none"> <li>• The Combined Authority seeks views from individuals, organisations and businesses on a number of areas including strategies, policies and detailed projects, including the development of the Mayor’s Policing and Crime Plan, using a</li> </ul>

	<p>service users effectively</p>	<p>variety of means including face to face and online. Information on and links to current consultations are published on the website using the Your Voice portal.</p> <ul style="list-style-type: none"> <li>• The consultation team is part of the communications team to ensure its activity is linked with ongoing communications and ensure each consultation exercise can best meet its planned objectives. Consultation across the Combined Authority is increasingly managed using a calendar of planned activities.</li> <li>• The Combined Authority has arrangements to engage with all sections of the community including seldom-heard groups and businesses. District Consultation Sub-Committees and the youth forum consider transport matters and there is extensive engagement with business through the Committees and other mechanisms. An inclusive engagement strategy is in development in 2023-24.</li> <li>• The annual tracker survey seeks views on satisfaction with public transport and highways matters.</li> <li>• The West Yorkshire business survey asks employers about a range of subjects including skills and recruitment.</li> <li>• The consultation arrangements cover much of the public facing operational roles.</li> </ul>
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Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.</b></p> <p>The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>We will: Define outcomes</p>	<ul style="list-style-type: none"> <li>• The organisation’s business plans have been developed in parallel with the Combined Authority’s budget for 2023/24. The budget was signed off at the Combined Authority meeting on 2 February 2023, where the draft Corporate Plan on a Page and Directorate Business Plans on a Page were also considered. Each plan on a page also has a more detailed document underpinning it which clearly sets out each directorate’s priorities and outputs for the year ahead. Programmes and projects are assessed against the assurance framework with outcomes set and confirmed when they are approved to progress. Following initial endorsement at the Combined Authority meeting, the business plans have been refined further to ensure that equity, diversity and inclusion (EDI) implications are fully embedded within the plans to achieve the best outcomes for the people, communities and businesses of West Yorkshire. This is in line with the Combined Authority’s EDI vision, statement and framework to meet the standards set out in the Local Government Equality Framework.</li> <li>• The Strategic Leadership Board, Internal Leadership Board, Senior Management Team., Finance, Resources and Corporate Committee, Combined Authority, and LEP Boards receive performance monitoring reports at regular intervals based on the corporate plan which sets out clear KPIs that are outcome focussed.</li> </ul>
	<p>We will: Provide sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> <li>• The West Yorkshire Plan sets out our ambitious vision for the ongoing transformation of West Yorkshire and establishes our investment and decision-making priorities for how we will achieve this. The Plan sets the trajectory for the long-term up to 2040 and reflects development in the region through the devolution deal and the accompanying new powers and funding.</li> <li>• The Plan includes five missions that are aspirational and represent long term ambitions for West Yorkshire: <ul style="list-style-type: none"> <li>○ A prosperous West Yorkshire – an inclusive economy with well paid jobs</li> </ul> </li> </ul>

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		<ul style="list-style-type: none"><li>○ A happy West Yorkshire – great places and healthy communities</li><li>○ A well-connected West Yorkshire – a strong transport system</li><li>○ A sustainable West Yorkshire – making lives greener</li><li>○ A safe West Yorkshire – a region where everyone can flourish</li><li>● State of the Region reporting will continue to provide the monitoring framework underpinning the West Yorkshire Plan targets and wider policies and strategies of the Combined Authority.</li><li>● The West Yorkshire Investment Strategy sets out the funding priorities for the Combined Authority and the next iteration of the Strategy will speak to the West Yorkshire Plan’s ambitions. The Strategy is used to direct resources over an agreed ‘investment period’ building on policies and strategies agreed by the Combined Authority.</li></ul>
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Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes.</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p>	<p>We will: Determine interventions</p>	<ul style="list-style-type: none"> <li>• The strategic priorities of the West Yorkshire Plan shape the decision making of the Combined Authority and ensure interventions are prioritised to deliver the aims and objectives of the organisation.</li> <li>• The statutory Local Transport Plan – the Transport Strategy - sets out specific transport interventions and the planned outcomes. The format of decision-making reports to ensure that all relevant information is considered such as analysis of options and resource implications. Options are clearly defined and analysed to ensure decisions are based on the best possible information.</li> <li>• Project appraisal processes seek to ensure maximum value for money from investments. The assurance framework is applied to these projects and ensure that they are effectively assessed (in terms of analysis of options, resource implications and strategic outcomes) and evaluated before approval is sought to proceed and that outcomes are achieved.</li> </ul>
	<p>We will: Optimise achievement of intended outcomes</p>	<ul style="list-style-type: none"> <li>• The annual budget is prepared for scrutiny and approval by Members and published in line with agreed priorities and the medium-term financial strategy. Budget plans are shared in advance with partner local authorities.</li> <li>• The assurance framework provides the means to assess projects in terms of outcomes to enable a prioritisation of interventions.</li> </ul>
	<p>We will: Plan interventions</p>	<ul style="list-style-type: none"> <li>• The corporate plan sets out the planned interventions for the coming year. Longer term plans are included in detailed strategies contained within the West Yorkshire Plan.</li> <li>• Leadership team and Combined Authority and LEP Boards receive performance monitoring reports at regular intervals based on agreed actions and targets for the year.</li> </ul>

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.</b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>We will: Develop the entity’s capacity</p>	<ul style="list-style-type: none"> <li>• The Combined Authority has progressed a change programme designed to give greater transparency of senior accountability across key areas and a greater read across from job roles to key performance outcomes for West Yorkshire. It is anticipated that this process will be largely complete by end summer 2023 with the appropriate structures and leadership in place to lead the organisation effectively.</li> <li>• A training and development plan sets out how employees will be developed, and this is being progressed appropriately.</li> </ul>
	<p>We will: Develop the capability of the entity’s leadership and other individuals</p>	<ul style="list-style-type: none"> <li>• A Protocol on Member/Officer Relations assists both Members and officers achieve good working relationships in the conduct of Combined Authority business.</li> <li>• A Scheme of Delegation is in place and is reviewed annually in light of legal and organisational changes.</li> <li>• Officers are appointed using competency-based role profiles. Managers are required to set clear objectives including an equity, diversity and inclusion commitment, for each employee and to then measure their performance against these competencies and objectives. Appropriate training and support is provided to assist in meeting these.</li> <li>• There is a mandatory induction programmes for all employees and training for new members joining the Combined Authority. Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.</li> </ul>

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>F. Managing risks and performance through robust internal control and strong public financial management.</b></p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages</p>	<p>We will: Manage risk</p>	<ul style="list-style-type: none"> <li>• A risk strategy sets out risk management arrangements that are embedded across all service areas and help inform decision making. This includes the risk appetite statement and risk management policy.</li> <li>• Arrangements for risk are kept under review by a Regulatory and Compliance Board (with representation from all Directorates) and the Member Governance and Audit Committee, with regular reporting to the Combined Authority and Finance, Resources and Corporate Committee.</li> <li>• Risk registers are developed for all projects, with the assurance framework ensuring these are properly maintained. Directorate risk registers have also been developed that are linked to team level registers and which enable risks to be escalated to the corporate register as necessary.</li> <li>• Business continuity arrangements are in place and are refreshed and updated. Incident response arrangements are also kept updated and tested.</li> <li>• An officer Health and Safety Committee ensures compliance with the Health and Safety at Work Act (HSAWA) and ensures a system is in place for the management of health and safety risks.</li> <li>• An internal audit team undertakes an annual programme of risk based audits and reports back on these to the Governance and Audit Committee.</li> <li>• The Mayor maintains a risk register focused on key risks associated with delivery of the Police and Crime Plan, and the working of the Policing and Crime Team.</li> <li>• Strategic risk is considered at the Mayor’s Good Governance Group which is attended by senior risk owners and the chair of the Joint Independent Audit and Ethics Committee</li> </ul>
	<p>We will: Have strong public financial management</p>	<ul style="list-style-type: none"> <li>• The Director, Finance and Commercial Services is designated section 73 Officer and ensures compliance with matters of financial regulation and control.</li> </ul>

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<p>constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>		<ul style="list-style-type: none"> <li>The Chief Executive of the Combined Authority is the statutory Head of Paid Staff. Financial procedures are documented in the Financial Regulations and detailed procedures exist as required at an operational level within the central Finance team. Annual accounts are produced promptly and presented for external audit in accordance with statutory timescales.</li> </ul>
	<p>We will: Manage performance</p>	<ul style="list-style-type: none"> <li>Key indicators have been identified which support the corporate plan which sets out the actions required in year to deliver the corporate objectives. These corporate KPIs will be set at the start of each year and provide the framework for performance management.</li> <li>The Scrutiny Standing Orders provide for Scrutiny Committees to call in any Combined Authority decision. Throughout the year the Overview and Scrutiny Committees have a programme that they define and that enables it to consider policy and objectives before, during and after decisions are made. A Scrutiny Officer has been appointed to provide full support to this Committee. Agendas, minutes of the various Scrutiny meetings and any associated reports with recommendations to the Combined Authority are published on the Combined Authority's website.</li> <li>Contracts Standing Orders and Financial Regulations set out the Authority's arrangements and ensure that processes continue to operate consistently. These are updated annually.</li> </ul>
	<p>We will: Have robust internal controls</p>	<ul style="list-style-type: none"> <li>An annual report is produced by Internal Audit which provides an opinion on the Combined Authority's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.</li> <li>Financial Regulations ensures responsibility and controls over expenditure are clearly assigned.</li> <li>The Annual Governance Statement (AGS) is produced for inclusion in the annual accounts that are subject to review and approval by the Governance and Audit Committee.</li> </ul>

		<ul style="list-style-type: none"> <li>• The Governance and Audit Committee oversees the management of governance issues, internal controls, risk management and financial</li> <li>• reporting with the latter reported to every full Combined Authority meeting</li> <li>• The Governance and Audit Committee Terms of Reference are reviewed annually and revised to reflect professional bodies 'expectations and best practice.</li> </ul>
	<p>We will: Manage data</p>	<ul style="list-style-type: none"> <li>• Procedures for the effective, fair and lawful processing of data are set out in the Data Protection Policy and supporting information governance framework. The Combined Authority will be compliant with the requirements of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 (Data Protection Legislation).</li> <li>• The Combined Authority's ICT policies control access to the network and data held on it, with information regarding the use of passwords and sharing of data set out. These policies have recently been reviewed and updated.</li> <li>• Effective information sharing is undertaken in accordance with the Data Protection Legislation and the Combined Authority's Data Protection Policy.</li> <li>• Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the appropriate form of privacy notices. These processes have been updated in the light of the new requirements contained within the Data Protection Legislation.</li> <li>• Information Sharing Agreements are in place to document the sharing of information with other organisations.</li> <li>• Data verification and validation processes are integrated within systems and processes.</li> </ul>

Principle	Sub principles	Our actions and behaviours to achieve this:
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>We will: Implement good practice in transparency</p>	<ul style="list-style-type: none"> <li>• Agendas, reports and minutes for Combined Authority and LEP Board's and formal committees are published on the Combined Authority website in accordance with statutory deadlines.</li> <li>• Adoption of the Transparency Code and a Publication Scheme providing information on the website regarding Combined Authority business, expenditure, and governance. The process for making Freedom of Information requests is clearly set out on the website.</li> <li>• The Combined Authority moved to the live streaming of Combined Authority meetings in 2017, and all committees are also streamed live. The LEP Board holds meetings in public with papers published online five days beforehand.</li> </ul>
	<p>We will: Implement good practices in reporting</p>	<ul style="list-style-type: none"> <li>• Annual Financial Statements are compiled, published to timetable and included on the Combined Authority's website. This includes the Annual Governance Statement (AGS)</li> <li>• The external auditor's report on the accounts is published on the website.</li> <li>• An annual business plan is published which also includes a review of achievements in the previous year.</li> </ul>
	<p>We will: Provide assurance and effective accountability</p>	<ul style="list-style-type: none"> <li>• The AGS sets out the Combined Authority's governance framework and the results of the annual review of the effectiveness of the Combined Authority's internal controls and governance arrangements.</li> <li>• An effective internal audit service is resourced and maintained. The team has direct access to members if required and provides assurance on governance arrangements via an annual report containing an opinion on the Combined Authority's internal control arrangements.</li> <li>• External Audit provides an annual opinion on the Combined Authority's financial statements and arrangements for securing value for money.</li> </ul>

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		<ul style="list-style-type: none"><li>• The assurance framework governing investment decisions is reviewed annually and compliance with official guidelines reported to government.</li><li>• The Police &amp; Crime Panel has oversight functions in relation to the Mayor's exercise of police and crime functions as the Police and Crime Commissioner (PCC), including reviewing the PCCs Police and Crime Plan, the Mayor's annual report on PCC Functions and the appointment of the Chief Constable.</li></ul>
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