

GOVERNANCE AND AUDIT COMMITTEE

**MEETING TO BE HELD AT 11.00 AM ON THURSDAY, 17 JANUARY
2019 IN COMMITTEE ROOM B, WELLINGTON HOUSE, 40-50
WELLINGTON STREET, LEEDS**

A G E N D A

- 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 1 NOVEMBER**
(Pages 1 - 6)
- 5. EXTERNAL AUDIT UPDATE**
(Pages 7 - 38)
- 6. INTERNAL AUDIT PROGRESS REPORT**
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- 7. INTERNAL AUDIT CHARTER 2019**
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- 8. INTERNAL CONTROLS AND FINANCIAL MONITORING**
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- 9. DRAFT BUDGET 2019/20**
(Pages 69 - 80)
- 10. LOCAL ASSURANCE FRAMEWORK REVIEW**
(Pages 81 - 84)
- 11. OVERVIEW AND SCRUTINY UPDATE**
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Signed:

A handwritten signature consisting of the letters 'BAM' in a cursive style, with a horizontal line drawn underneath the letters.

**Managing Director
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON THURSDAY, 1 NOVEMBER 2018 AT COMMITTEE ROOM B,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Andy Clayton (Chair)	Department for Work and Pensions
Councillor David Hall	Kirklees Council
Councillor Susan Hinchcliffe	Bradford Council
Councillor Shabir Pandor	Kirklees Council

In attendance:

Mark Kirkham	Mazars Auditors
Mark Dalton	Mazars Auditors
Angela Taylor	West Yorkshire Combined Authority
Jonathan Sheard	West Yorkshire Combined Authority
Russell Gott	West Yorkshire Combined Authority
Ruth Chaplin	West Yorkshire Combined Authority
Ben Kearns	West Yorkshire Combined Authority

15. Apologies for Absence

An apology for absence was received from Councillor T Swift.

16. Declarations of Disclosable Pecuniary Interests

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

17. Exclusion of the Press and Public

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

18. Minutes of the Meeting of the Governance and Audit Committee held on 30 July 2018

Resolved: That the minutes of the meeting held on 30 July 2018 be approved.

19. External Audit Update

The Committee considered a report which presented the annual audit letter to the Committee.

A copy of the annual audit letter for 2017/18 which had been produced by the external auditors, Mazars, was attached at Appendix 1. The letter provided an executive summary of the outcome of the work programme and confirmed the conclusion of the audit and the fee for the year being unchanged.

Members discussed the three control recommendations highlighted in Section 2 and it was noted that the recommendation in respect of a leavers procedure for IT users which was due for completion by 31 October 2018 had been actioned.

The Committee queried the timescale for one of the recommendations in Mazars' report regarding ICT accounts and administrative privileges. It was reported that the Combined Authority had committed to implement the changes by May 2019 but officers would check whether the changes could be accelerated. The Committee would be advised if this was not possible.

The Director of Resources advised the Committee that since the publication of the papers Public Sector Audit Appointment (PSAA) had issued for consultation the proposed audit scale fees for 2019/20. The fees are unchanged from those applicable for 2018/19. Mazars confirmed that their audit would continue to meet the required professional standards at the proposed fee level.

Resolved:

- (i) That the annual audit letter for 2017/18 be noted.
- (ii) That the proposed audit fee for 2019/20 be noted.

20. Delivery of Internal Audit Function

The Committee considered a report which provided an update on progress made in implementing the preferred option for the provision of Internal Audit services.

It was reported that a business case has now been completed and role profiles developed for posts within the new structure. The posts will be evaluated and graded and a report taken to the Senior Leadership Team for approval of the new structure and commencement of the management of change process.

The Committee also discussed possible apprenticeship and secondment opportunities to the team. Members were advised that this was included as part of the business case which would be circulated to the Committee together with the role profiles for the posts.

It was anticipated that the new delivery model will be operational before the commencement of the 2019/20 Audit Plan and a progress report will be brought to the next meeting of the Committee.

Resolved: That the report be noted.

21. Scope of Independent Review of Internal Audit

The Committee considered a report which set out the terms of reference for the external review of Internal Audit.

Such an external review is required every four years in accordance with the Public Sector Internal Audit Standards.

Members discussed the terms of reference and noted the phases for assessment which were detailed in the submitted report. It was noted that quotes have been sought for the work and the cost can be met within the current budgets.

Resolved: That the terms of reference for the external review of Internal Audit be approved.

22. Internal Audit assurance opinions and recommendation ratings

The Committee considered a report which presented proposals for the introduction of new assurance opinion and recommendation ratings for Internal Audit reports.

It was noted that the current assurance opinions used by the Internal Audit team have been used for several years and require a refresh. The proposed revised audit opinions consider the level of assurance which can be provided and a copy was attached at Appendix 1 to the submitted report. A copy of the guidance in respect of recommendation ratings was attached at Appendix 2.

It is proposed that the revised opinion and recommendation ratings guidance be introduced for audit reports completed in the remainder of 2018/19. Reporting of audits which result in a limited or minimal opinion will continue to be provided to the Committee on a quarterly basis. Members were advised that the new officer Regulatory and Compliance Board (RCB) would meet in November 2018 and the Internal Auditor would be an attendee at the meetings. The RCB would ensure that risks were being addressed and regular updates would be provided to the Governance and Audit Committee and also the Overview and Scrutiny Committee.

Resolved: That the proposals to develop the audit opinion categories, priority ratings and supporting guidance be approved.

23. Internal audit progress report

The Committee considered a report on the work undertaken by the Internal Audit section.

Members noted the activities undertaken by the Internal Audit section in the period 1 April 2018 to 31 October 2018 and of progress made in delivering the 2018/19 audit plan. A summary of the work undertaken was attached at

Appendix 1 to the submitted report.

The Committee discussed the presentation of the dashboard and the need for this to be linked to the strategic risk appetite and corporate risks statement. It was also suggested that it would be useful if the audit progress summary could display overall total risk.

The Committee discussed the outstanding audit recommendations which were provided in Appendix 2. It was noted that the Committee would be advised if any of the recommendations take longer than 3 months to implement.

Resolved: That the report be noted.

24. Internal Controls & Financial Monitoring

The Committee considered a report which set out any changes to the arrangements for internal control in the West Yorkshire Combined Authority and provided information on the current financial position.

It was reported that there had been no significant changes to internal controls in the period and monthly reconciliations were up to date.

Members noted the progress made in enhancing the internal governance arrangements for risk management and compliance with decision making. They were advised of changes planned to the governance arrangements for the LEP following the publication of the Government's 'Strengthening Local Enterprise Partnerships' document in July 2018. The Assurance Framework will be revised and details of the amendments will be brought to the next meeting.

The Committee also noted the requirement by government to make changes in respect of treasury management policies and strategies detailed in the submitted report and an update would be provided at a future meeting. It was suggested that officers from the Treasury Management team at Leeds City Council also be invited to attend a future meeting.

There had been no further reportable (RIDDOR) accidents since the last meeting and the total for the year was two.

In respect of financial monitoring, a summary of the current spend to budget as at August 2018 was attached at Appendix 1. This included a RAG rating to identify budgets that need further review and it was noted that there were no 'red' areas of concern to report. The draft budget 2019/20 would be considered by the Combined Authority in December 2018.

Resolved: That the report be noted.

25. Risk Management

The Committee considered a report which provided an update on corporate risk management issues and on actions related to data protection.

It was reported that each Directorate has undertaken a detailed review of their risk registers and the corporate risk register for the organisation has been updated. A summary of the updated corporate risk register was attached at Appendix 1 and included a summary of the actions being taken to manage each risk.

The Committee considered a proposal to update the Risk Appetite Statement to show the level of financial risk appetite moving from level 3 down to level 2. This was as a result of the directorate level risk reviews and Members discussed the current assessment of risk appetite which was outlined in the submitted report. It was agreed that Members of the Combined Authority will participate in a further workshop on risk management and the risk register summary to ensure it is robust and also meets with local authorities' objectives.

It was noted that the Regulatory and Compliance Board will cover all areas of regulation and will escalate issues including those relating to data protection/GDPR as appropriate. The Committee asked that regular updates from the Regulatory and Compliance Board and Overview and Scrutiny Committee are provided into the Committee to ensure key issues are flagged and aligned to the audit work programme to minimise duplication and ensure a coherent plan of work across key control areas.

In respect of GDPR, it was reported that significant progress had been made implementing and embedding GDPR throughout the organisation and Members noted the key actions that had been taken. It was also reported that a specialist Records Management Officer had been appointed to implement a records management strategy which would address the records management risks. The Combined Authority's compliance with GDPR will be monitored via a programme of internal audit over the next 7 months.

Resolved: That the report be noted.

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Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **External audit update**

Director(s): Angela Taylor, Director, Resources.

Author(s): Angela Taylor

1. Purpose of this report

- 1.1 To present the audit strategy memorandum for year ending 31 March 2019.
- 1.2 To present the external audit progress report at January 2019.

2. Information

- 2.1 The **audit strategy memorandum** is produced by the external auditors Mazars prior to the year being audited. The document summarises their audit approach, highlights significant audit risks and areas of key judgements, sets out the audit fee and also provides details of the audit team undertaking the work.
- 2.2 The document is attached at **Appendix 1**.
- 2.3 Mark Kirkham, the audit partner and Mark Dalton, the engagement senior manager, will be in attendance at the meeting to present the memorandum and answer any questions in relation to it.
- 2.4 Mazars has also provided an **external audit progress report** which is attached as **Appendix 2**. This sets out the work undertaken to date by Mazars, a request for information from the Committee and an update on a range of recent publications issued by the National Audit Office, the LGA, CIPFA and the Public Sector Audit Appointments Ltd (PSAA). These cover a range of relevant topics and comment on them is invited from the Committee. Appropriate officers are also considering the information in these reports and using it as required, for example, in planning the year end accounts close down and in preparation of budget papers.
- 2.5 Page 4 of the progress report sets out a number of questions with regard to compliance, oversight of management's processes with regard to fraud and

questions on potential litigation. These are standard questions posed each year by the auditors and it is proposed that a draft response be considered at the next meeting of this Committee.

3. Financial Implications

- 3.1 The audit fee of £25,964 is set out in the audit strategy memorandum and is as previously discussed as part of the consultation on fees. This sum has been included in the draft budget for the Combined Authority.

4. Legal Implications

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

5. Staffing Implications

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

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the Committee note the audit strategy memorandum for the year ending 31 March 2019 and external audit progress report as at January 2019.
- 7.2 That the Committee note the requirement for a response to the questions posed in section two of appendix two by 31 March 2019 and that a draft response will be brought to the next meeting of this Committee for consideration.

8. Background Documents

None.

9. Appendices

Appendix 1 – audit strategy memorandum for year ending 31 March 2019

Appendix 2 – external audit progress report at January 2019



Audit Strategy Memorandum

West Yorkshire Combined Authority

Year ending 31 March 2019





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2. Your audit engagement team
3. Audit scope, approach and timeline
4. Significant risks and key judgement areas
5. Value for money conclusion
6. Fees for audit and other services
7. Our commitment to independence
8. Materiality and misstatements

Appendix A – Key communication points

Appendix B - Forthcoming accounting and other issues

Appendix C – Mazars' client service commitment

This document is to be regarded as confidential to West Yorkshire Combined Authority. It has been prepared for the sole use of the Governance and Audit Committee as the appropriate committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Governance and Audit Committee
West Yorkshire Combined Authority
Wellington House
40-50 Wellington Street
Leeds
LS1 2DE

17 January 2019

Dear Governance and Audit Committee members

Audit Strategy Memorandum – Year ending 31 March 2019

We are pleased to present our Audit Strategy Memorandum for West Yorkshire Combined Authority for the year ending 31 March 2019

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing West Yorkshire Combined Authority which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor. Our audit risk assessment is a continuous process. We will provide any updates to our risk assessments and testing approach through our routine progress reports to the Governance and Audit Committee.

This document also contains specific appendices that outline our key communications with you during the course of the audit, and forthcoming accounting issues and other issues that may be of interest.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 0113 387 8850.

Yours faithfully



Mark Kirkham
Mazars LLP

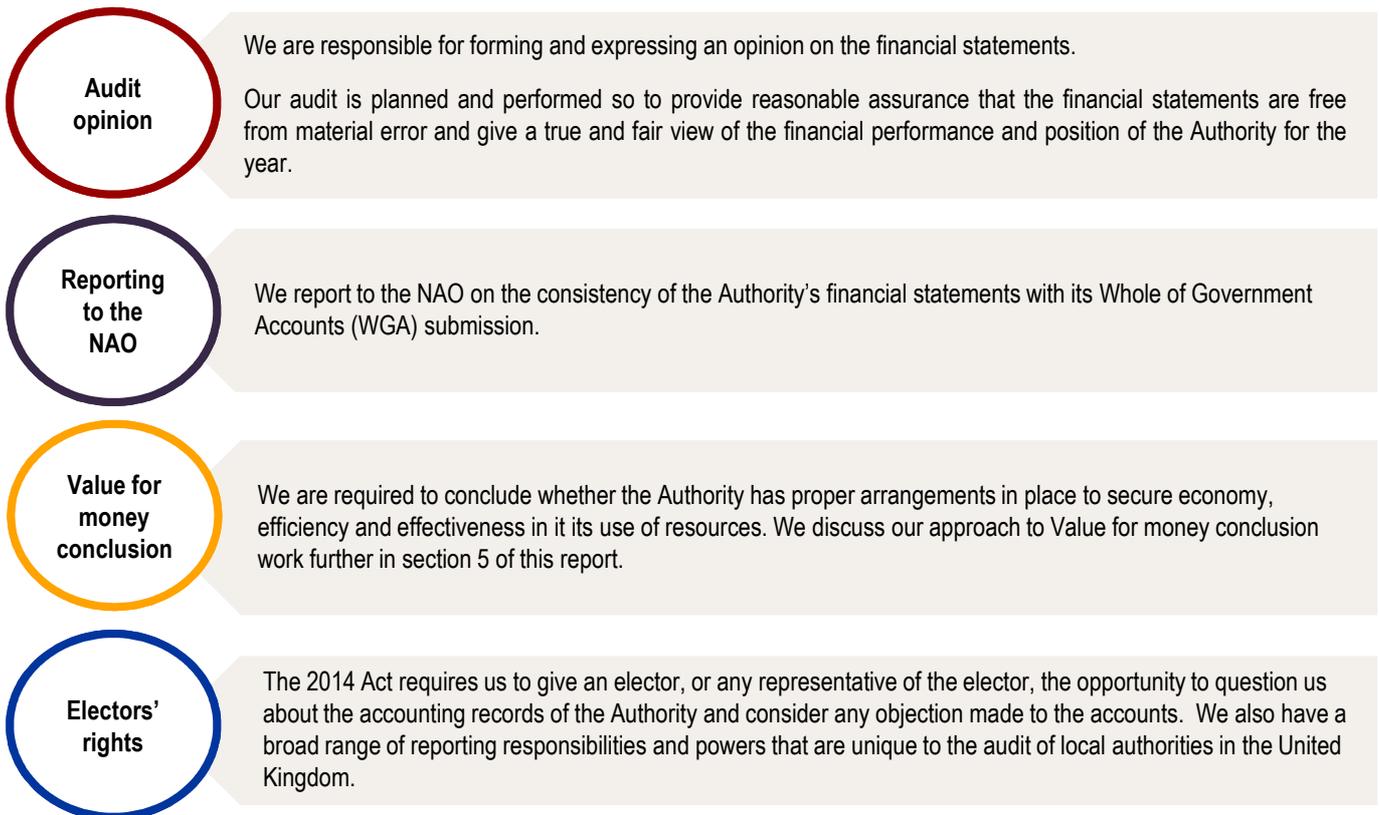
1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

Overview of engagement

We are appointed to perform the external audit of West Yorkshire Combined Authority (the Authority) for the year to 31 March 2019. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>

Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below:



Our audit does not relieve management or the Governance and Audit Committee (as those charged with governance), of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Authority is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.



2. YOUR AUDIT ENGAGEMENT TEAM



- Mark Kirkham, Partner and Engagement Lead
- mark.kirkham@mazars.co.uk
- 0113 387 8850



- Mark Dalton, Engagement Senior Manager
- mark.dalton@mazars.co.uk
- 0113 387 8735



- Joe Hornsby – Engagement Team Leader
- joe.hornsby@mazars.co.uk
- 07881 283 842



- Martin Baird – IT Audit, Director – Technology Solutions
- martin.baird@mazars.co.uk
- 0191 838 6317

1. Engagement and responsibilities

2. Your audit team

3. Audit scope

4. Significant risks and key judgements

5. Value for Money

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8. Materiality and misstatements

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3. AUDIT SCOPE, APPROACH AND TIMELINE

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

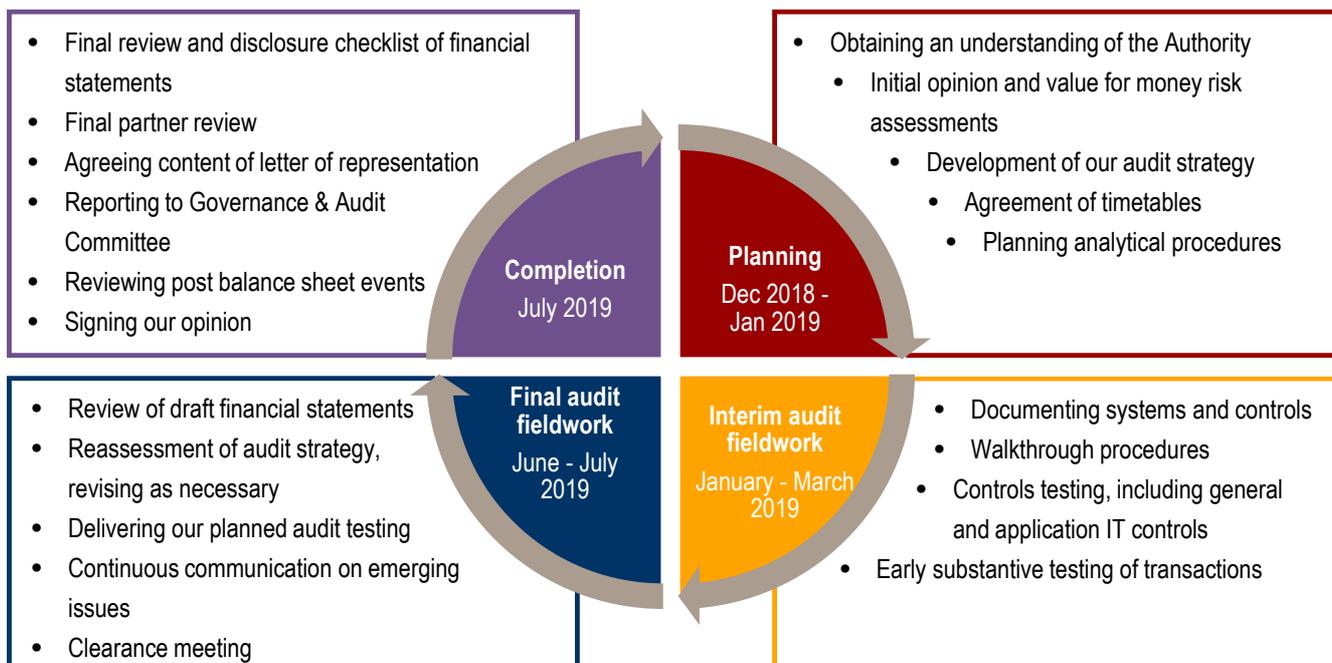
Audit approach

Our audit approach is risk-based and primarily driven by the matters that lead to a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit. Our audit risk assessment is a continuous process. We will provide any updates to our risk assessments and testing approach through our routine progress reports to the Governance and Audit Committee.



3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

We are not planning to rely on the work of internal audit, but should we do so, we would evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management's and our experts

Management makes use of experts in specific areas when preparing the Authority's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management's expert	Our expert
Defined benefit pension assets and liabilities	AON Hewitt Actuaries	PwC, consulting actuary, on behalf of National Audit Office
Property, plant and equipment	Lambert Smith and Hampton (to be confirmed for 2018/19)	Gerald Eve, consulting valuer, on behalf of National Audit Office
Financial instrument disclosures	Link Asset Services	NAO

Service organisations

International Auditing Standards (UK) define service organisations as third party organisations that provide services to the Authority that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Authority and our planned audit approach.

Items of account	Service organisation	Audit approach
Treasury management (affecting bank balances, investments and borrowing)	Leeds City Council	Sufficient appropriate audit evidence will be obtained from direct confirmations requested from third parties.

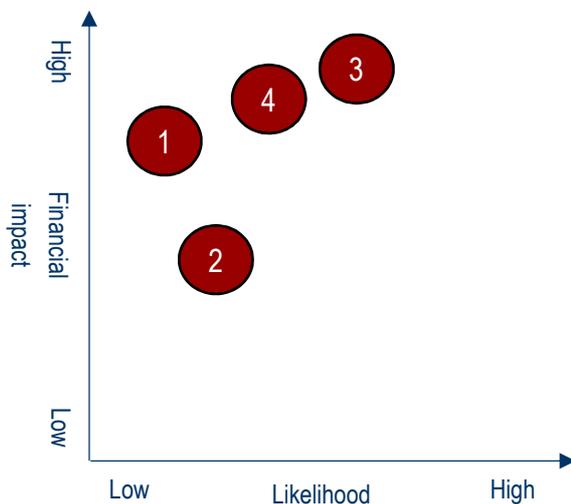


4. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS

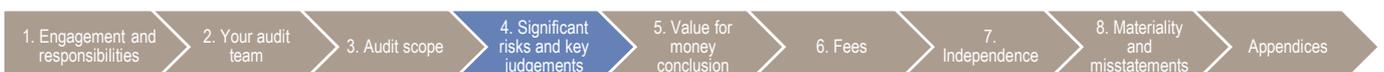
Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

- Significant risk** A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.
- Enhanced risk** An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:
- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
 - other audit assertion risks arising from significant events or transactions that occurred during the period.
- Standard risk** This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant. We have summarised our audit response to these risks on the next page.



Significant Risk	
1	Management override of control
2	Revenue recognition
3	Property, plant and equipment valuation
4	Defined benefit liability valuation



4. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Governance and Audit Committee.

Significant risks

	Description of risk	Planned response
1	<p>Management override of controls</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> <p>Our audit methodology incorporates this risk as a standard significant risk at all audits. Based on our cumulative knowledge and 2018/19 planning discussions we do not consider this risk at the Authority to be unusually high or require enhanced audit procedures.</p>	<p>We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.</p>
2	<p>Revenue recognition – fees and charges</p> <p>In accordance with ISA 240 we presume there is a risk of fraud in respect of the recognition of revenue because of the potential for inappropriate recording of transactions in the wrong period. ISA 240 allows the presumption to be rebutted but, given the Authority's range of revenue sources, we have concluded that there are insufficient grounds for rebuttal in 2018/19. We have identified income from fees and charges as the key area of audit risk. This does not imply that we suspect actual or intended manipulation but that we continue to deliver our audit work with appropriate professional scepticism.</p>	<p>We will evaluate the design and implementation of controls to mitigate the risk of income being recognised in the wrong period. In addition, we will undertake a range of substantive procedures including testing receipts in March, April and May 2019 to ensure they have been recognised in the right year, testing material year end receivables, testing adjustment journals and obtaining direct confirmation of year-end bank balances and testing the reconciliations to the ledger.</p>

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4. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Significant risks (continued)

	Description of risk	Planned response
3	<p>Property, plant and equipment (PPE) valuation</p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to PPE. The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date.</p> <p>Although the Authority employs an external valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the valuation of PPE due to the significant judgements and number of variables involved in providing valuations.</p>	<p>We will consider the Authority's arrangements for ensuring that PPE values are reasonable and will engage our own expert to provide data to enable us to assess the reasonableness of the valuations provided by the Authority's valuer.</p> <p>We will review the valuation methodology used, including testing the underlying data and assumptions. We will also assess the competence, skills and objectivity of the valuer.</p> <p>We will compare the valuation output with market intelligence provided by Gerald Eve, our expert and consulting valuers engaged by the National Audit Office, to obtain assurance that the valuations are in line with market expectations.</p>
4	<p>Defined benefit liability valuation</p> <p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of the West Yorkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2016.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the Authority's pension obligation are not reasonable or appropriate to the Authority's circumstances. This could have a material impact to the net pension liability in 2018/19.</p>	<p>As part of our work we will review the controls that the Authority has in place over the information sent to the Scheme Actuary, including the Authority's process and controls with respect to the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of the scheme Actuary, AON Hewitt.</p> <p>We will review the appropriateness of the methodology applied, and the key assumptions included within the valuation, compare them to expected ranges, utilising the information provided by PwC, consulting actuary engaged by the National Audit Office. We will review the methodology applied in the valuation of the liability by AON Hewitt.</p>

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5. VALUE FOR MONEY CONCLUSION

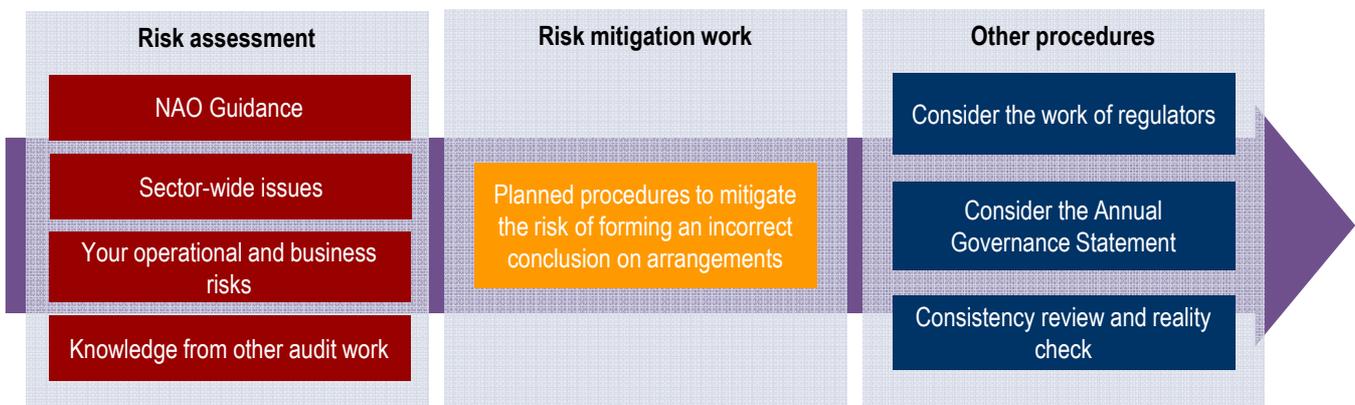
Our audit approach

We are required to form a conclusion as to whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out, and sets out the overall criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

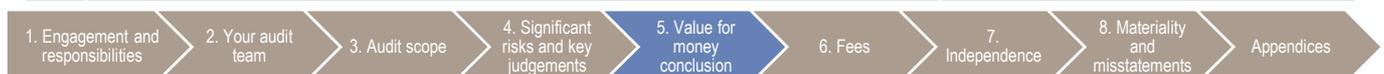
A summary of the work we undertake to reach our conclusion is provided below:



Significant risks

The NAO's guidance requires us to carry out work at the planning stage to identify whether or not a significant risk exists. Risk, in the context of our value for money (VFM) work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Authority being inadequate. As outlined above, we draw on our deep understanding of the Authority and its partners, the local and national economy and wider knowledge of the public sector. For the 2018/19 financial year, we have identified the following significant risks to our VFM work:

	Description of significant VFM risk	Planned response
1	<p>Financial sustainability</p> <p>The Authority's medium term financial strategy (MTFS) sets out the financial challenges the Authority faces in the medium term. This includes a reduction in the transport levy of £1m in each of the three years to 2020/21. A reduction of £1m equates to a circa 2% saving requirement in discretionary expenditure. The Authority is in the process of updating its MTFS to 2021/22.</p> <p>Whilst the mid year financial position for 2018/19 indicates that the Authority is managing expenditure within the approved annual budget, delivering a balanced budget is likely to require the use of £1.4m of reserves. Whilst this is consistent with the MTFS, this use of reserves to support service delivery is indicative of the financial pressures faced by the Authority.</p> <p>The continuing challenges the Authority faces are not new and are not unique to the West Yorkshire Combined Authority. However, the challenges do present a significant audit risk in respect of considering the arrangements that the Authority has in place to deliver financial sustainability over the medium term.</p>	<p>Building on our work in previous years, we will review the arrangements the Authority has in place for ensuring financial resilience. Specifically that the MTFS has taken into consideration factors such as the latest income projections, funding reductions from the transport levy, salary and general inflation, restructuring costs and sensitivity analysis given the degree of variability in the above factors.</p> <p>We will also review the arrangements in place to monitor progress in delivering a balanced budget for 2018/19 and the related savings plans.</p>



6. FEES FOR AUDIT AND OTHER SERVICES

Fees for work as the Authority's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees set by PSAA as communicated in our fee letter of 27 March 2018.

Service	2017/18 fee	2018/19 fee
Code audit work	£33,720	£25,964

Fees for non-PSAA work

We do not currently expect to undertake any additional work outside the scope of our Public Sector Audit Appointment contract.



7. OUR COMMITMENT TO INDEPENDENCE

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethics training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Kirkham in the first instance.

Prior to the provision of any non-audit services Mark Kirkham will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified at this time. Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



8. MATERIALITY AND MISSTATEMENTS

Summary of initial materiality thresholds

Threshold	Initial threshold
Overall materiality	£5,000,000
Trivial threshold for errors to be reported to the Audit Committee	£150,000

For some sensitive items of account and related disclosures we will apply a specific lower materiality. This includes Senior Officer Remuneration (including Exit Packages), Members Allowances and Related Party Transactions.

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of the 2017/18 gross expenditure. We have calculated a headline figure for materiality but have also identified separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Governance and Audit Committee.

We consider that gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



8. MATERIALITY AND MISSTATEMENTS (CONTINUED)

Materiality (continued)

We have set our materiality threshold at 1.75% of the benchmark based on the 2017/18 audited financial statements.

Based on the 2017/18 financial statements (in which gross expenditure was £302m) we anticipate the overall materiality for 2018/19 to be £5m (£5m in 2017/18).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. As with overall materiality, we will remain aware of the need to change the performance materiality level through the audit to ensure it remains to be set at an appropriate level.

Reporting Misstatements Threshold

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Governance and Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £150,000 based on 3% of overall materiality.

Reporting to the Governance and Audit Committee

To comply with International Standards on Auditing (UK), the following three types of audit differences will be presented to the Governance and Audit Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).



APPENDIX A – KEY COMMUNICATION POINTS

International Standards on Auditing (ISA) (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓



APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

Changes relevant to 2018/19

IFRS 9 Financial Instruments - the standard replaces IAS 39 and introduces significant changes to the recognition and measurement of the Authority's financial instruments, particularly its financial assets.

Although the accounting changes may be complex and may require the reclassification of some instruments, it is likely that the Authority will continue to measure the majority of its financial assets at amortised costs.

For Authorities that hold instruments that will be required to be measured at fair value under the new standard, there may be instances where changes in these fair values are recognised immediately and impact on the general fund. At this stage it is unclear whether statutory provisions, over and above those already in place, will be put in place to mitigate the impact of these fair value movements on the Authority's general fund balance.

IFRS 15 Revenue from Contracts with Customers - the 2018/19 Code also applies the requirements of IFRS 15, but it is unlikely that this will have significant implications for most local authorities.

There are no other significant changes to the Code of Practice on Local Authority Accounting (the Code) for 2018/19.

Changes in future years

Accounting standard	Year of application	Implications
IFRS 16 – Leases	2020/21	<p>CIPFA has confirmed that the new leasing standard will be adopted by the Code for the 2020/21 financial year.</p> <p>IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17.</p> <p>Lessees will need to recognise assets and liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed.</p> <p>The introduction of this standard is likely to lead to significant work being required in order to identify all leases to which the Authority is party to.</p>



APPENDIX C – MAZARS' CLIENT SERVICE COMMITMENT

We are here because of our clients; serving them in the best way we can is part of our DNA. We operate a Code of Conduct which drives our client service commitment in all areas, as set out below.



External Audit Progress Report

West Yorkshire Combined Authority

January 2019





CONTENTS

- 1. Audit progress**
- 2. Request for information**
- 3. National publications**

This document is to be regarded as confidential to the West Yorkshire Combined Authority. It has been prepared for the sole use of the Governance and Audit Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

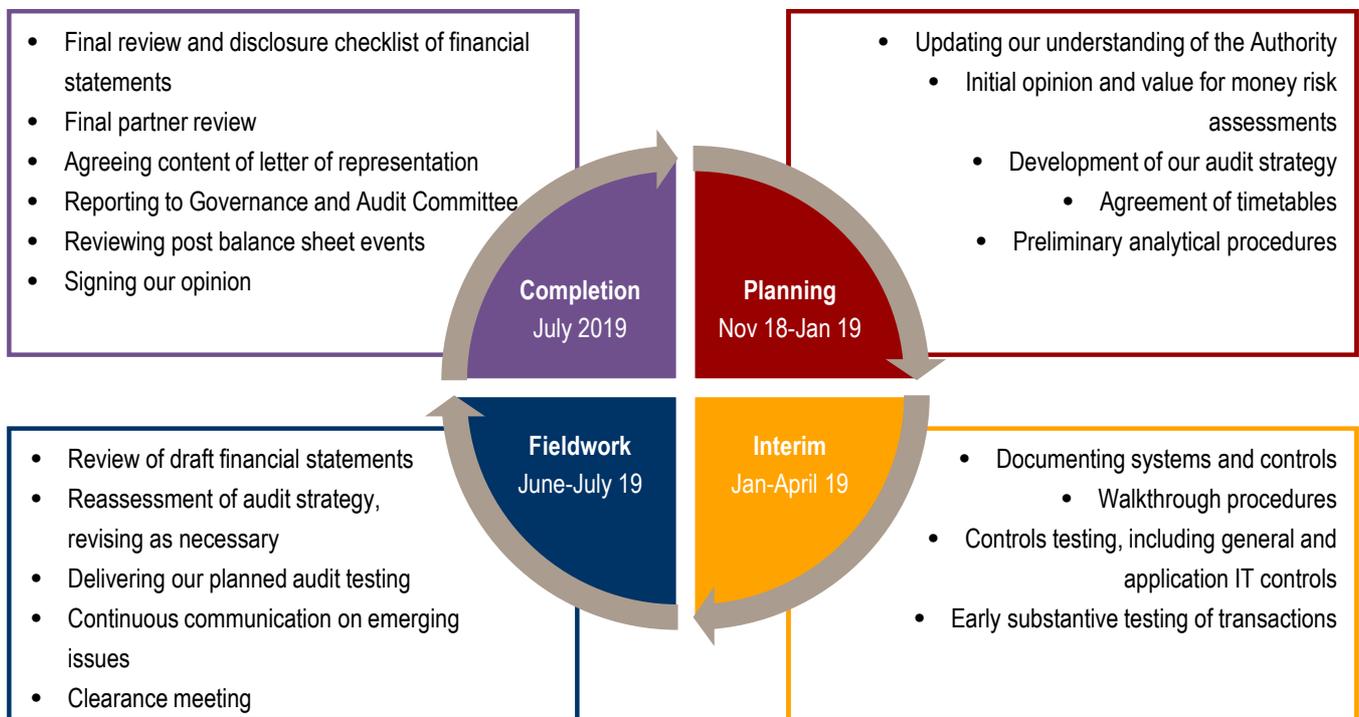
Purpose of this report

This report provides the Governance and Audit Committee with an update on progress in delivering our responsibilities as your external auditor.

Audit progress

Our key audit stages are summarised in the diagram shown below. We have completed our initial planning and risk assessment sufficient to present our Audit Strategy Memorandum to the January 2019 Governance and Audit Committee for discussion. This sets out the significant risks we have identified for the audit, for both the opinion on the statement of accounts and the value for money conclusion, and our approach to the audit.

There are no significant matters arising from our work that we are required to report to you at this stage.



Financial Reporting Workshops

Planning of our Local Government Financial Reporting workshops for early in the New Year is well advanced. These workshops provide an update on the latest developments as well as a forum for our clients to discuss emerging issues. Agenda items will include a revisit of 2017/18 issues including early close implications, changes in the 2018/19 Code and a forward look to future regulatory and policy changes. The Leeds event is on Wednesday 30th January 2019 at our new Leeds Office at Wellington Place and we have invited relevant officers from the Authority.



2. REQUEST FOR INFORMATION

International Auditing Standards require auditors to enquire about arrangements the entity has put in place:

- to prevent and detect fraud; and
- to comply with applicable law and regulations.

Our request also covers the appropriateness of the going concern assumption.

We list our questions below and would be grateful if the Committee could provide a response by 31 March 2019. Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work we need to undertake.

1. How do you exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error;
- identifying and responding to risks of fraud in the Trust, please detail any specific risks of fraud which management have identified, and classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees its view on business practice and ethical behaviour; and
- communicating to you the processes for identifying and responding to fraud or error.

2. How do you oversee management processes for identifying and responding to possible breaches of internal control? Are you aware of any significant breaches of internal control during 2018/19?

3. How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of significant non-compliance during 2018/19?

4. Are you aware of any actual or potential litigation or claims that would affect the financial statements?

5. Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Authority's ability to continue as a going concern?

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3. NATIONAL PUBLICATIONS

	Publication / update
National Audit Office (NAO)	
1.	Transformation guidance for Audit Committees
2.	Exiting the EU
3.	Departmental overview – Ministry of Housing, Communities and Local Government
4.	Departmental overview – Local authorities
5.	Financial sustainability of local authorities 2018 visualisation
Chartered Institute of Public Finance and Accountancy (CIPFA)	
6.	Statement expressing concerns with Councils funding commercial investment through borrowing
7.	Local Authority Leasing Briefing 3
8.	Code of Practice on Local Authority Accounting / supporting guidance notes for practitioners – 2018/19 Accounts
9.	Implementation date for IFRS 16 Leases
Public Sector Audit Appointments Ltd (PSAA)	
10.	Mazars Annual Regulatory and Compliance Report 2017/18
11.	Report on the results of auditors' work 2017/18: Principal local government and police bodies
12.	Consultation on 2019/20 scale of fees for opted-in bodies
13.	Oversight of audit quality, quarterly compliance reports
Local Government Association (LGA)	
14.	Sector-led improvement in 2017/18

1. Transformation guidance for Audit Committees, NAO, May 2018

Transformation is used to describe significant changes in service delivery or in day to day operations in an organisation. The government continues to aim to make significant savings and transform services by introducing new organisational models and ways of working. However, transformation comes with risk and can be highly complicated. Evidence from the private sector suggests that 70% of transformations fail.

In many cases transformation programmes rely on new technologies and online services, and are highly ambitious and have a high risk of failure. The complexity of public service delivery and user needs can make the successful transformation of public services even more difficult. Oversight of these transformation programmes creates a major challenge for management and audit committees.

The NAO transformation guidance to Audit Committees sets out the questions to ask of management and the evidence and indicators to help audit committees to look out for at the three stages of any transformation project, as summarised below.

- At the set-up and initiation stage the key areas are: vision and strategy, and governance and architecture. The guidance addresses the evolving nature of transformation and what this implies for oversight.
- During the delivery and implementation stage the key areas are: change and implementation, and service and performance management. The guidance highlights the importance of tackling ambiguity and confusion in transformation objectives.
- Once live-running and benefits are being delivered the key areas are: people, process and technology. The guidance considers how audit committees can challenge the role of technology in supporting transformation.

<https://www.nao.org.uk/report/transformation-guidance-for-audit-committees/>

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2. Exiting the EU, National Audit Office

The National Audit Office has produced a number of publications on the UK's exit from the EU, including:

- The UK border: preparedness for EU exit;
- Department for Environment, Food and Rural Affairs;
- Department for Transport;
- Consumer protection, competition and state aid; and
- Exiting the EU: the financial settlement.

https://www.nao.org.uk/search/pi_area/exiting-the-eu/type/report

3. Departmental overview: Ministry of Housing, Communities and Local Government (MHCLG) 2017-18, National Audit Office, October 2018

The Departmental Overview is designed to provide a quick and accessible overview of the Department and its performance over the last year. The report focuses on the Department's responsibilities setting out how it is structured, how it spends its money, and its major programmes. It also covers key developments in its areas of work, including exiting the European Union, and findings from recent NAO reports.

The main body of the report focuses on three key areas: financial sustainability; housing and homelessness; and devolution and reorganisation. The report concludes by setting out future developments, risks and challenges impacting on MHCLG.

The report also includes a section on the Department for Exiting the EU (pdf page 8).

<https://www.nao.org.uk/report/departmental-overview-ministry-of-housing-communities-and-local-government-2017-18/>

4. Departmental overview: local authorities 2017-18, National Audit Office, October 2018

The report summarises the work of local authorities, including:

- what they do and how they are organised;
- the system of accountability;
- where they get their funding and how they spend their money; and
- major programmes and developments across local authorities' main business areas and services.

The main body of the report covers: financial sustainability; housing and homelessness; and adult social care.

The overview addresses further developments in the sector, including those on 'fair funding', empty homes and the government's new Rough Sleeping Strategy will be driven by local authorities. It draws attention to the synergies required across local authorities and with MHCLG for the successful implementation of these programmes.

<https://www.nao.org.uk/report/departmental-overview-local-authorities-2017-18/>

3. NATIONAL PUBLICATIONS

5. Financial sustainability of local authorities 2018 visualisation, NAO, November 2018

The NAO have published interactive visualisations that describe the changes in the local authorities' financial circumstances from 2010-11 to 2016-17.

The data presented shows changes in income and spending along with an analysis of factors such as budget overspends and use of reserves. These figures vary for a range of reasons such as local political priorities, changes in local demand and changes in government policy and priorities. The report warns that any comparison between places need to be undertaken with caution. The complexity of factors underlying the data means that differences in figures presented should not be viewed as indicative of the current 'performance' of an authority. Any differences between authorities is an opportunity to ask further questions to gain a better understanding of what is happening locally.

Authority's can use these visualisations to explore the broad trends identified in the NAO report Financial sustainability of local authorities 2018 (July 2018) in order to increase their understanding of individual local authorities.

<https://www.nao.org.uk/highlights/financial-sustainability-of-local-authorities-2018-visualisation/>

6. Statement expressing concerns with Councils funding commercial investment through borrowing, CIPFA, October 2018

The Committee may be interested to note the CIPFA statement issued recently expressing concerns around commercial investment. The statement raises concerns with potential practices related to borrowing to fund commercial investment. CIPFA confirm in the statement that they will be issuing further guidance on the issue shortly.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/statement-from-cipfa-on-borrowing-in-advance-of-need-and-investments-in-commercial-properties>

<https://www.publicfinance.co.uk/news/2018/10/cipfa-warns-councils-over-serious-commercial-activity-concerns>

7. Local Authority Leasing Briefing 3, CIPFA, October 2018

This briefing focuses on discount rates, lessor accounting, disclosure requirements, concessionary leases – lessees and the measurement of the service concession arrangement (PFI/PPP) liability.

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/local-authority-leasing-briefings>

8. Code of Practice on Local Authority Accounting in the United Kingdom and supporting guidance notes for practitioners for the 2018-19 Accounts, CIPFA, December 2018

CIPFA has published the Code of Practice on Local Authority Accounting in the United Kingdom and supporting guidance notes for practitioners for the 2018-19 Accounts. The guidance notes detail key accounting changes introduced by the 2018-19 accounting code and provide practical support for the preparation of the year-end accounts.

Other recent and related publications from CIPFA which authorities may wish to be aware of include:

- Code of Practice on Local Authority Accounting in the United Kingdom: Disclosure Checklist for 2018-19 Accounts;
- Service Reporting Code of Practice for Local Authorities 2019-20;
- The Prudential Code for Capital Finance in Local Authorities: Guidance Notes for Practitioners (2018 edition);
- Treasury Management in the Public Services: Guidance Notes for Local Authorities including Police and Fire Authorities (2018); and
- LGPS Fund Accounts 2018-19: Example Accounts and Disclosure Checklist.

<https://www.cipfa.org/policy-and-guidance/publications/codes-of-practice>

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9. Implementation date for IFRS 16 Leases, CIPFA, December 2018

The Authority will wish to be aware of this statement from the CIPFA/LASAAC Code board on the implementation date of IFRS 16 Leases. CIPFA/LASAAC have confirmed that the effective date of implementation in the Code has been deferred for one year only to 1 April 2020, for alignment with the wider public sector.

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board>

10. Mazars Annual Regulatory and Compliance Report 2017/18, Public Sector Audit Appointments Ltd, July 2018

Public Sector Audit Appointments Limited (PSAA) monitors the performance of all its audit firms. The audit quality and regulatory compliance monitoring for 2017/18 incorporated a range of measurements and checks comprising:

- a review of each firm's latest published annual transparency reports;
- the results of reviewing a sample of each firm's audit internal quality monitoring;
- reviews (QMRs) of its financial statements, Value for Money (VFM) arrangements conclusion and housing benefit (HB COUNT) work;
- an assessment as to whether PSAA could rely on the results of each firm's systems for quality control and monitoring;
- a review of the Financial Reporting Council's (FRC) published reports on the results of its inspection of audits in the private sector;
- the results of PSAA's inspection of each firm by the FRC's Audit Quality Review team (AQRT) as part of a commissioned rolling inspection programme of financial statements and VFM work;
- the results of each firm's compliance with 15 key indicators relating to PSAA's Terms of Appointment requirements;
- a review of each firm's systems to ensure they comply with PSAA's regulatory and information assurance requirements; and
- a review of each firm's client satisfaction surveys for 2016/17 work.

The report sets out that:

- Mazars is meeting PSAA's standards for overall audit quality and regulatory compliance requirements;
- Mazars' combined audit quality and regulatory compliance rating was green for 2017/18;
- The satisfaction survey results show that audited bodies are very satisfied with the performance of Mazars as their auditor; and
- Mazars has maintained its performance against the regulatory compliance indicators since last year, with all of the 2017/18 indicators scored as green and the overall weighted audit quality score of 2.55 having increased slightly from last year's 2.45.

From its assessment of all firms, the FRC has identified key issues which firms need to address in order to improve audit quality. These were the:

- challenge and scepticism of management in key areas involving judgment, such as impairment reviews, asset valuations and provisions;
- group audit team's oversight and challenge of component auditors;
- audit of company pension scheme assets and liabilities; and
- arrangements for ensuring compliance with the Ethical Standard and independence requirements.

Summary of PSAA annual assessments – overall combined

	BDO	EY	DT	PwC	GT	KPMG	Mazars
2018	Amber	Amber	n/a	n/a	Amber	Amber	Green
2017	Amber	Amber	n/a	n/a	Amber	Amber	Green
2016	Green	Green	Green	Amber	Amber	Amber	Green
2015	Amber	Green	Amber	Amber	Amber	Amber	Green

<https://www.psaa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality/>

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11. Report on the results of auditors' work 2017/18: Principal local government and police bodies, Public Sector Audit Appointments Limited, October 2018

The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers at 495 principal local government and police bodies for 2017/18.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 87 per cent of audited bodies received an audit opinion by the new deadline.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The most common reasons for auditors issuing non-standard conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates – 16 bodies;
- corporate governance issues – 12 bodies;
- financial sustainability concerns – 6 bodies; and
- procurement/contract management issues – 5 bodies.

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

12. Consultation on 2019/20 scale of fees for opted-in bodies, Public Sector Audit Appointments Ltd, October 2018

Public Sector Audit Appointments (PSAA) has published its consultation on the 2019/20 scale of fees for principal local government bodies that have opted into the appointing person arrangements.

The consultation proposes that scale audit fees for 2019/20, the second year of the five-year appointing period, should remain the same as the fees applicable for 2018/19. PSAA will review and update its assumptions and estimates each year, and consult on scale fees for the following year.

<https://www.psaa.co.uk/audit-fees/2019-2020scaleoffees/>

13. Oversight of audit quality, quarterly compliance reports 2017/18 Public Sector Audit Appointments Ltd, September 2018

There are no significant issues arising in the latest quarterly compliance report issued by PSAA.

<https://www.psaa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality>

14. Sector-led improvement in 2017/18, Local Government Association, July 2018

This report shows how the LGA has used DCLG grant for 2016/17 to help councils and to support improvement in the sector.

Sector-led improvement is the approach that councils and the LGA have put in place to support continuous improvement. Challenge and support from one's peers lies at the heart of sector-led improvement and underpins its success.

During the year the LGA worked with Public Sector Audit Appointments (PSAA) to develop LG Inform Value for Money (VfM) a replacement for PSAA's existing VfM Profiles. The new tool was successfully launched in November. The VfM profiles bring together data about the costs, performance and activity of local councils and fire and rescue authorities. They have been designed to help auditors, people who work for councils and fire and rescue authorities and the public understand the costs of delivering local services, and to get an overview of comparative spend and performance over time and relative to others.

3. NATIONAL PUBLICATIONS

14. Sector-led improvement in 2017/18, Local Government Association, July 2018 - continued

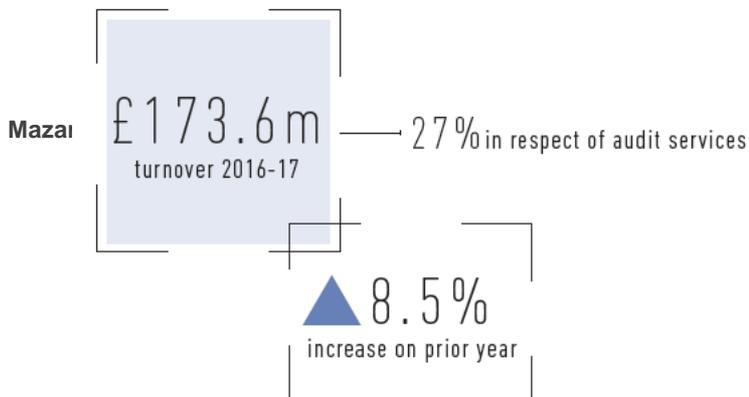
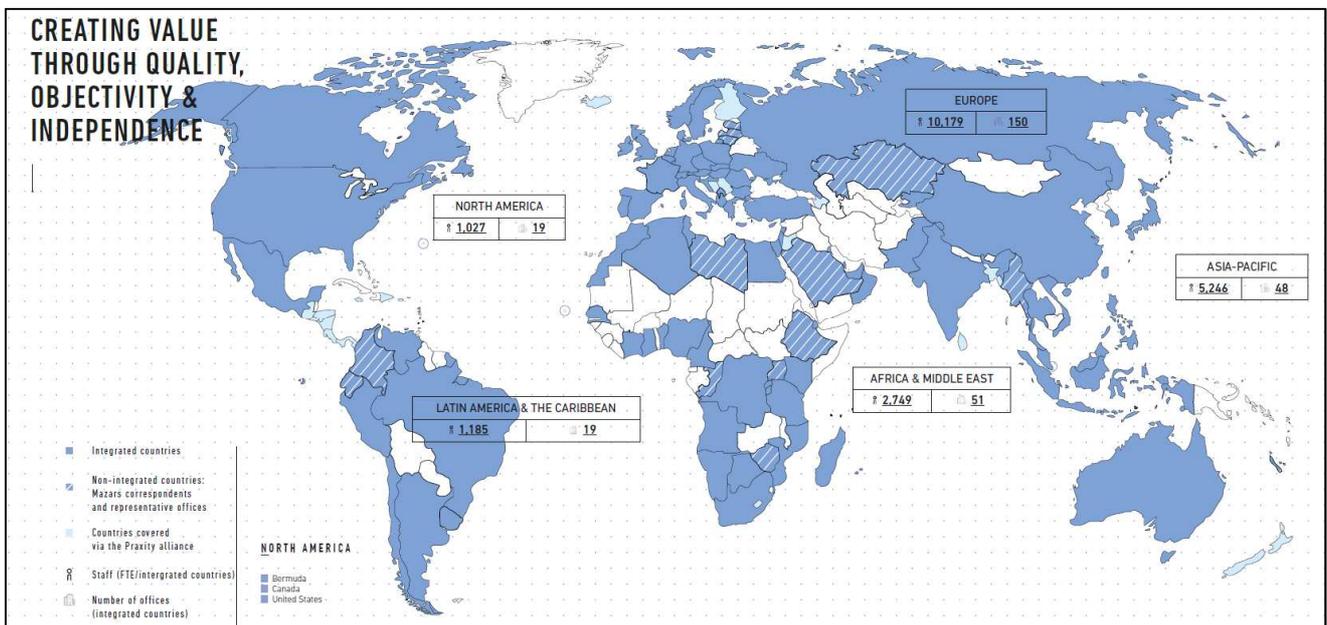
Sector-led improvement: some reflections

- Councils continue to demonstrate exceptional leadership of place when called upon to do so (for example, Manchester and Salisbury). Emergency response demonstrates that partnerships are still strong despite the impact cuts to funding across the local public sector can have on on-going activity.
- Whilst recognising the opportunities, the uncertainty surrounding the potential practical implications of Brexit (funding, workforce, procurement, etc.) is becoming of increasing concern as March 2019 draws ever closer.
- Devolution and local government reorganisation continue to consume significant resources in some areas. This agenda can have a negative impact on relationships and present a distraction to on-going service delivery.
- Councils continue to grapple with the increasingly more challenging financial situation as evidenced by the recent National Audit Office report into local authorities' financial viability and now overlaid by the Fair Funding Review and business rates reset. This period of ongoing financial uncertainty is arguably as damaging to councils as the cuts themselves.
- We have seen an increasing request from councils, as leadership teams change or are renewed, for top team support to help them effectively lead their organisation through turbulent and challenging times.
- There continues to be a strong interest in exploring appropriate commercial opportunities and lots of interest in the commercial skills training that we have offered. But adverse publicity around borrowing to invest has meant that some councils appear less willing to share their knowledge and experience.
- Many councils that took out layers of strategic management, or whole functions such as policy development, are now struggling with capacity. A lack of corporate capacity in particular impacts councils' ability to horizon scan and think through how they need to change and adapt.
- Councils have devoted significant time and effort seeking to be equal partners in sustainability and transformation plans which haven't always led to outcomes, and there is frustration in the sector about this and a continuing concern at the delay in moving to new ways of working.
- Demand pressures particularly on children's and adult social care have become much more noticeable. An increasing number of councils are also reporting budget pressures on their temporary accommodation budgets.
- Homelessness has become a bigger issue for more councils this year and the number of homeless families and individuals placed in temporary accommodation has increased significantly.
- Housing growth is still a big issue. Councils are continuing to explore new vehicles to build homes.

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Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Internal Audit Progress Report**

Director(s): Angela Taylor, Director, Resources

Author(s): Russell Gott

1 Purpose of this report

- 1.1 To inform the Combined Authority of the work undertaken by the Internal Audit section.

2 Information

- 2.1 In accordance with the Accounts & Audit (England) Regulations 2015, the Combined Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.
- 2.2 This report provides details of activities undertaken by the Internal Audit section in the period from 1 April 2018 to 31 December 2018 and provides progress in delivering the 2018/19 audit plan, including the audit opinion on reviews completed, summary of any significant issues identified and the status of any high priority audit recommendations which have not been implemented within the agreed timescales.
- 2.3 A summary of the work undertaken by Internal Audit is provided at **Appendix 1**, whilst details of outstanding audit recommendations are attached at **Appendix 2**.
- 2.4 Work has commenced on the identification of assurance activities to be included within the 2019/20 Internal Audit Plan. Members of this Committee will be provided with details of the emerging plan during February 2019 and given an opportunity to provide feedback to the Internal Audit Manager before the final plan is determined.

3 Financial Implications

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

4 Legal Implications

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

5 Staffing Implications

5.1 The performance of some elements of the audit plan require the buying-in of audit specialisms.

6 External Consultees

6.1 No external consultations have been undertaken.

7 Recommendations

7.1 That this report be noted.

8 Background Documents

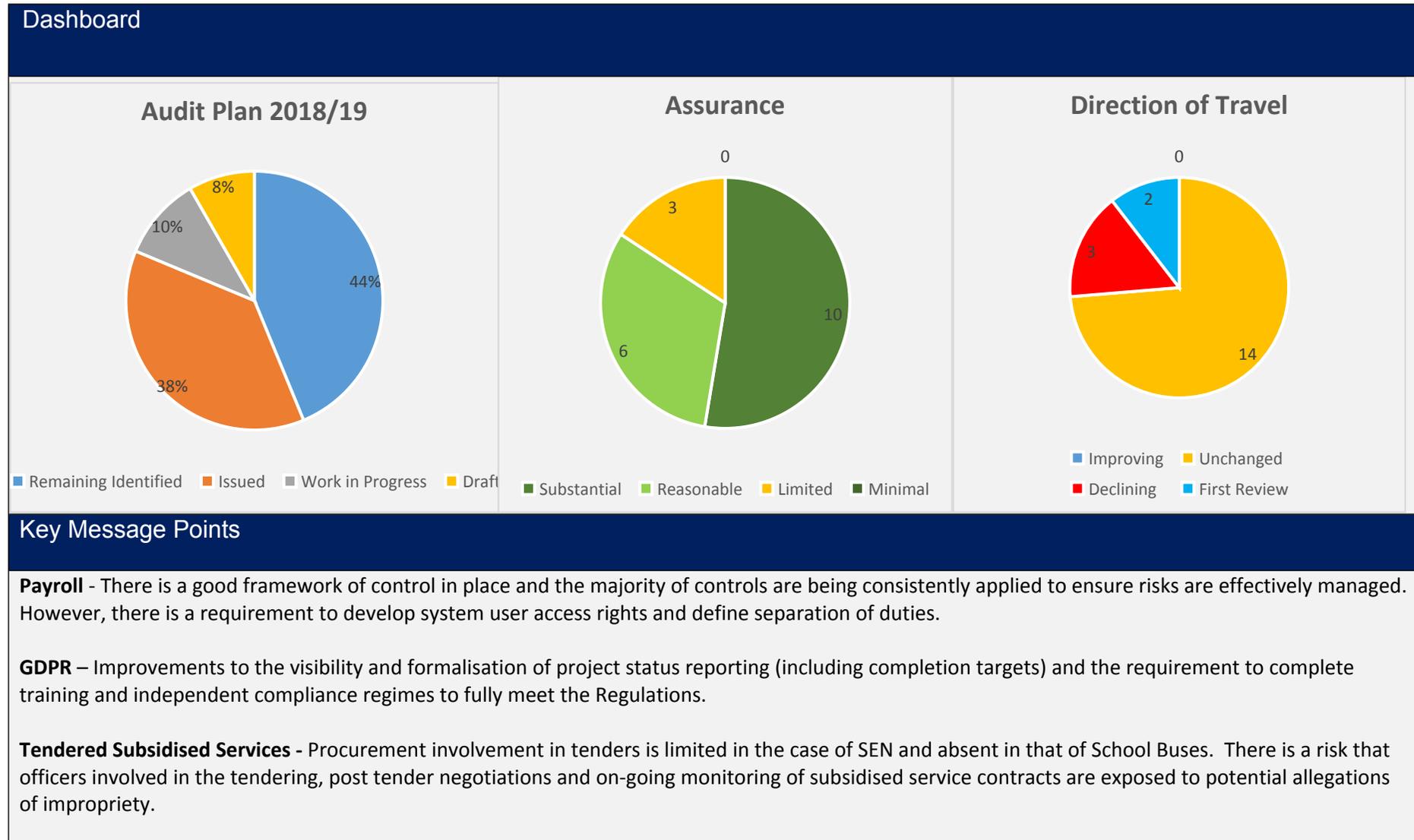
None.

9 Appendices

Appendix 1 - Internal Audit progress summary

Appendix 2 – Outstanding high priority audit recommendations

Internal Audit Progress Summary - December 2018



Treasury - Improvements were identified in relation to the presentation of information concerning loans and associated interest.

Issues are emerging from work currently in progress;

Growing Places Fund Accounting Issues – To ensure that the Growing Places Fund is correctly presented and seek clarification of the reporting of capital and revenue elements of the grant received from DCLG.

CDM – This review identified a number of inconsistencies in compliance reporting including monitoring of site H&S inspections performed by contractors or Principal Designer, end of projects assessments not performed, checks on individual site operatives training and qualifications not recorded, management of contractors’ checklist not completed. Opportunities to improve training for CDM project management personnel were identified.

Summary of Completed Reviews (April 2018 – December 2018)

Review	Risk/Category	Opinion	Direction of Travel
• Gifts & Hospitality	Compliance	Reasonable	Declining
• Transparency Code	Compliance	Reasonable	Unchanged
• Metro Travel Centre Operations	Operational	Reasonable	Unchanged
• Annual Governance Statement	Governance	Reasonable	Unchanged
• FOI Processing	Information	Substantial	First Review
• Skills Capital	Delivery	Limited	Unchanged
• Access Innovation Fund	Certification	Substantial	Unchanged
• Growth Deal Fund	Certification	Substantial	Unchanged
• Growth Hub Grant	Certification	Substantial	Unchanged
• Resource Efficiency Fund	Certification	Substantial	Unchanged
• Local Transport Fund	Certification	Substantial	Unchanged
• INTERREG SHARE NORTH	Certification	Substantial	Unchanged
• L-CREATE, ERDF & ESIF	Certification	Substantial	Unchanged
• Strategic Business Growth Fund	Certification	Substantial	Unchanged
• Treasury Management	Financial	Reasonable	Declining
• GDPR Compliance	Legal Compliance	Limited	First Review

<ul style="list-style-type: none"> • Payroll • Tendered Subsidised Bus Services • Bus Services Operators Grant 	Financial Operational Certification	Reasonable Limited Substantial	Unchanged Declining Unchanged
Work in Progress			
<ul style="list-style-type: none"> • Feasibility & Assurance Function • Engagement of Consultants • Local Transport Fund Programme Management • CDM Compliance • Business Contingency (Follow up) • ICT Network Access (Follow up) • Debtors • Creditors • Growing Places Fund – Accounting Treatment¹ 			
Performance			
Allocated Audit Days (April 2018 – March 2019)			465
Actual Audit Days Applied			166
Forecast Resource Requirement (November 2018 – March 2019)			299
Resource Available Internal		237	
Buy-in		25	262
Projected Variance			37

¹ Additional report providing a management memorandum concerning accounting issue relating to the Growing Places Fund

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Overdue High Priority Audit Recommendations

Report Type: Actions Report

Report Author: Russell Gott

Generated on: 21 December 2018



Code & Title	Description	Assigned To	Due Date	Progress	Latest Note
AR 1039 Risk Management - Embedding Risk – Guidance 45	<p>Risk Management Systems require several levels of understanding. A policy statement alone will not be sufficient to ensure that they are embedded within organisations. Across the Combined Authority Risk Appetites and indicators will vary and risk treatments will differ: Several different approaches will be required to ensure the maximum level of understanding by all.</p> <p>Priority: High</p>	Louise Porter	31-Aug-2018	90%	Guidance in development but not complete due to resource pressures. New corporate projects officer currently in recruitment which will ease pressures. Risk is a key area of work to be allocated to this new post
AR 1044 Risk Management - Register System Development.	<p>To maintain a consistent and effective Risk Management System will require the consistent use of a common Risk Register Template and its maintenance on a system in a way that is easily accessible and allows the production of management and monitoring reports for a variety of stakeholder groups. It would also be desirable if they were retained in a way that would allow future development of the Risk Management system. Developmental effort is required to consider what will be required of the system that replaces Covalent. Every effort must be made to ensure that it is easy to operate, works well and provides all the information required by its various stakeholders.</p> <p>Priority: High</p>	Louise Porter	31-May-2018	90%	Consistent risk register template in use but full action not yet completed due to ongoing work that is considering possible replacement for pentana which is due to make recommendations by the end of this financial year
AR 1045 Risk Management -	All components of Risk Management should	Louise Porter	31-May-2018	90%	

Code & Title	Description	Assigned To	Due Date	Progress	Latest Note
Additional Guidance	<p>be included within guidance documentation. The areas in which help may be required is the identification of risks and their treatment. The building of a risk aware culture will require a broad range of understanding both of the meanings of risk and its treatment. As well as written guidance a programme of education will help to introduce and develop risk management within the Authority. Perhaps the Risk Management Strategy could become a policy document augmented by additional guidance.</p> <p>Priority: High</p>				Guidance in development but not complete due to resource pressures. New corporate projects officer currently in recruitment which will ease pressures. Risk is a key area of work to be allocated to this new post
AR 1068 Data Holding Arrangements - ICT Disaster Recovery Policy	<p>Management should produce a formal Disaster Recovery Policy. This should incorporate the above 3 issues.</p> <p>Priority: High</p>	David Gill	31-Oct-2018	0%	In January 2019, the ICT Management Board are to consider bringing forward elements of this work in order to reduce risks.
46 AR 1073 Health and Safety Audit Report-Health and Safety Training	<p>In consultation with HR, the Health & Safety Manager should prepare a training strategy (this would cover Induction too) to cover Health and Safety matters thereby ensuring the CA addresses its policy of ensuring "that suitable and sufficient training is provided to employees, to comply with statutory requirements and secure a safe and healthy working environment."</p> <p>Priority; High</p>	David Thompson	30-Nov-2018	50%	Due to staff absence the production of a strategy has not been able to be progressed. However all employees have now undertaken a mandatory basic level of on line health and safety training, further training takes place for front line staff and health and safety training is part of induction for all new starters.
AR 1074 Health and Safety Audit Report-Procedures	<p>The Health and Safety Committee, in consultation with the Health and Safety Manager, should ascertain the situation with regard to Procedures, that is:</p> <ul style="list-style-type: none"> • document those Procedures which the CA is legally obliged to introduce; and • clarify the risks involved in not introducing any of the Procedures. 	Angela Taylor	30-Nov-2018	0%	This is being monitored by the Regulatory and Compliance Board. A number of health and safety procedures are in place and agreement has been made to the priority order of further ones to be introduced

Code & Title	Description	Assigned To	Due Date	Progress	Latest Note
	Priority; High				
AR 1076 Health and Safety Audit Report-Annual Inspections	The Health and Safety Manager should produce an annual report on the outcomes of the Inspection Programme for the Health and Safety Committee. Priority; High	David Thompson	31-Oct-2018	0%	Action is agreed, but as year end inspections do not conclude until end December it is not possible to produce a report until the new year ie after the implementation date of 31 October.
M/SD/P29/AR226 ICT - Written Procedures	Written Procedures It is recommended that written procedures should be developed for business critical systems to comply with ISO27001001 guidelines. That these procedures include all application projects being developed and 'live system applications. HIGH	David Gill	30-Dec-2017	30%	Written procedures will be fully updated as part of the delivery of the Corporate Technology Programme. 30% done, to be completed by 31/10/19

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Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Internal Audit Charter 2019**

Director(s): Angela Taylor, Director, Resources

Author(s): Russell Gott

1 Purpose of this report

- 1.1 To consider and approve the Internal Audit Charter for the West Yorkshire Combined Authority.

2 Information

- 2.1 Public Sector Internal Audit Standards, (PSIAS) require the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter, consistent with the definition of Internal Auditing, the Code of Ethics and the Standards.
- 2.2 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. This document has been reviewed and updated to reflect presentational improvements as provided by the Institute of Internal Auditors. The Internal Audit Charter establishes internal audit's position in the organisation, including the nature of the Chief Audit Executive's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 2.3 For public sector organisations the Internal Audit Charter must:
- Define the terms 'board' and 'senior management' for the purposes of the internal audit activity.
 - Cover the arrangements for appropriate resourcing.
 - Define the role of internal audit in any fraud-related work.
 - Include arrangements for avoiding conflicts of interests if internal audit undertakes non-audit activities.
 - The nature of assurance and consulting services provided both within and outside the organisation.

2.4 The Internal Audit Charter, produced to meet PSIAS, is provided in appendix 1 of this report.

3 Financial Implications

3.1 None relating directly to the Internal Audit function.

4 Legal Implications

4.1 None relating directly to the Internal Audit function.

5 Staffing Implications

5.1 None relating directly to the Internal Audit function.

6 External Consultees

6.1 No external consultations have been undertaken.

7 Recommendations

7.1 That the Internal Audit Charter for the West Yorkshire Combined Authority be approved.

8 Background Documents

None.

9 Appendices

Appendix 1 - Internal Audit Charter

**WEST YORKSHIRE COMBINED
AUTHORITY
INTERNAL AUDIT CHARTER**

November 2018

Purpose and mission

The purpose of The West Yorkshire Combined Authority's internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve the Combined Authority's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit department helps the Combined Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The internal audit department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Head of Internal Audit will report periodically to senior management (Senior Leadership Team) and the Governance & Audit Committee (the Board) regarding the internal audit department's conformance to the Code of Ethics and the Standards.

Authority

The Head of Internal Audit will report functionally to the Governance & Audit Committee and administratively (i.e., day-to-day operations) to the Director of Resources. To establish, maintain, and assure that the Combined Authority's internal audit department has sufficient authority to fulfil its duties, the Governance & Audit Committee will:

- Approve the internal audit charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the head of internal audit on internal audit's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the head of internal audit.
- Approve the remuneration of the head of internal audit.
- Make appropriate inquiries of management and the head of internal audit to determine whether there is inappropriate scope or resource limitations.

The Head of Internal Audit will have unrestricted access to, and communicate and interact directly with, the Governance & Audit Committee including in private meetings without management present.

The Governance & Audit Committee authorises the internal audit department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to

accountability for confidentiality and safeguarding of records and information.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the Combined Authority, as well as other specialised services from within or outside the Combined Authority, in order to complete the engagement.

Independence and objectivity

The Head of Internal Audit will ensure that the internal audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the head of internal audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the Combined Authority or its affiliates.
- Initiating or approving transactions external to the internal audit department.
- Directing the activities of the Combined Authority employee not employed by the internal audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the head of internal audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit will confirm to the Governance & Audit Committee, at least annually, the organisational independence of the internal audit department.

The Head of Internal Audit will disclose to the Governance & Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of internal audit activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Governance & Audit Committee, Senior Leadership Team, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Combined Authority. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Combined Authority's strategic objectives are appropriately identified and managed.
- The actions of the Combined Authority's officers, directors, employees, and contractors are in compliance with the Combined Authority's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Combined Authority.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit will report periodically to senior management and the Governance & Audit Committee regarding:

- The internal audit department's purpose, authority, and responsibility.
- The internal audit department's plan and performance relative to its plan.
- The internal audit department's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Governance & Audit Committee or Senior Leadership Team.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the Combined Authority.

The Head of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit department does not assume management responsibility. Internal Audit will respond to requests for support, advice and guidance on implementing and/or improving best practice control procedures for current and new systems, provide support, advice and guidance on risk and controls to staff involved in the design and implementation of new systems.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The Head of Internal Audit has the responsibility to:

- Submit, at least annually, to senior management and the Governance & Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Governance & Audit Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Combined Authority's business, risks, operations, programmes, systems, and controls.
- Communicate to senior management and the Governance & Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Governance & Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact the Combined Authority are considered and communicated to senior management and the Governance & Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to the Combined Authority's relevant policies and procedures, unless such policies and procedures conflict with the internal

audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Governance & Audit Committee.

- Ensure conformance of the internal audit department with the Standards.

Quality assurance and improvement programme

The internal audit department will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit department's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The Head of Internal Audit will communicate to senior management and the Governance & Audit committee on the internal audit department's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Combined Authority.

Signatures

Head of Internal Audit
Date

Governance & Audit Committee Chair
Date

Managing Director
Date

Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Internal Controls and Financial Monitoring**

Director(s): Angela Taylor, Director, Resources

Author(s): Jonathan Sheard

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 and to consider the current financial position.

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 and an update on the budget position for the current year.
- 2.2 At its last meeting discussion took place with regard to better linking the work on risk, compliance and the internal audit assurances provided and demonstrating, perhaps through a dashboard approach, how the three lines of defence model is working across the Combined Authority. This would enable any gaps in assurance to be identified and, where appropriate, inform the work of internal audit. It is proposed that further work is progressed on this to enable a new style of reporting for the upcoming financial year.

Internal controls

- 2.3 There have been no significant changes to internal controls in the period and monthly reconciliations are up to date.
- 2.4 Further to the information previously provided to the Combined Authority and to this Committee progress has been made in enhancing the internal governance arrangements in place for risk management and compliance with decision making. The new Regulatory and Compliance Board at officer level met for the first time in November and will provide information as required to this Committee and the Combined Authority. The first meeting considered

assurances provided and weaknesses identified the work undertaken by internal audit, health and safety, information governance, risks and controls and compliance including financial, HR and other policies, statutory returns and transparency arrangements. Actions are being identified to ensure compliance is adequately documented and evidenced and further information will be provided to this Committee as the work progresses.

- 2.5 Changes are planned to the governance arrangements in place for the LEP following the publication of 'Strengthening Local Enterprise Partnerships' by the Ministry of Housing, Communities and Local Government in July. This will fall into two phases, with some initial changes required for the current LEP and, should the proposed merger with York, North Yorkshire and East Riding LEP proceed, then new processes set up for the new merged LEP. This work will progress under the review of a joint team with representation from both LEPs. A further report will be provided to this Committee as the work streams are developed.
- 2.6 Regular governance meetings continue to be held with Leeds City Council to consider and review the transactions relating to investments and treasury management being carried out jointly with Leeds City Council. At the most recent meeting in November 2018 the high level of cash balances was considered and the challenges this presents with regard to placing funds with approved counterparties. LCC notified a minor breach with regard to the sums placed on deposit beyond a 12 month term. No resultant risk was identified and measures have been put in place to prevent this happening again. The limits on deposits will be reviewed as part of the treasury update within the budget report.

Treasury Management

- 2.7 As reported to the previous meeting, changes are required as a result of the revised CIPFA Code of Practice on Treasury Management and subsequent guidance issued by MHCLG which require the new Code to be implemented for the 2019/20 financial year. In summary local authorities must ensure that all of its capital and investment plans and borrowing are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. While indicators for sustainability are required to be set over a minimum three year rolling period, indicators should be set in line with a capital strategy and asset management plan that is sustainable over the longer term.
- 2.8 Determining a capital strategy for the authority is a new requirement in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The strategy, in a high level view, sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

The capital strategy should form a part of the authority's revenue, capital and balance sheet planning.

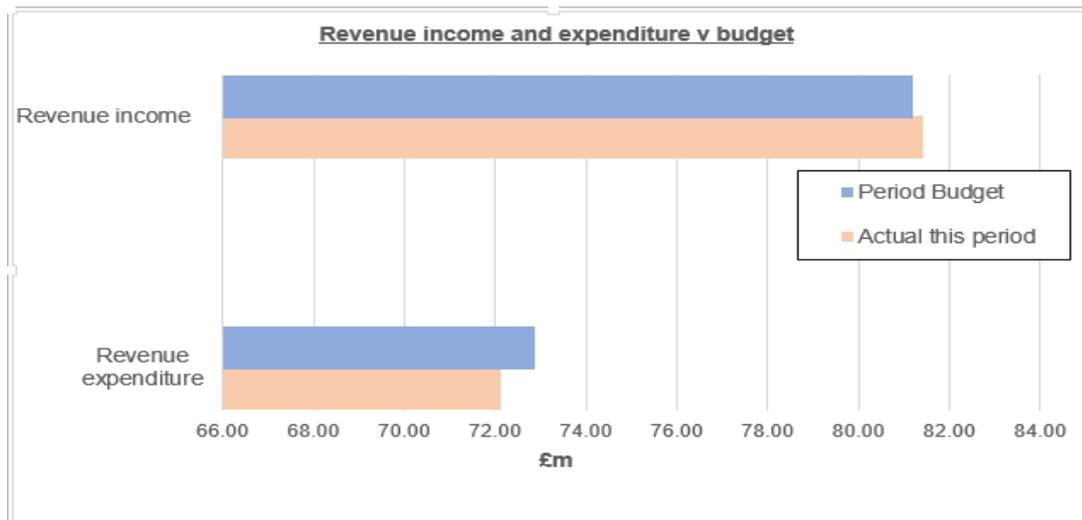
- 2.9 The strategy needs to be tailored to an authority's circumstances but should include capital expenditure, investments and liabilities and treasury management.
- 2.10 The new code also requires a set of indicators to be developed and monitored during the year. Many are current indicators which are currently monitored at the quarterly Treasury Management meetings with Leeds City Council but there are also a range of new indicators that need to be in place.
- 2.11 Work is still progressing on the production of the new requirements (capital strategy and new indicators), with the aim to be completed before the new financial year commences. Monitoring of the indicators will continue at the quarterly treasury meetings, with exceptions reported to this meeting. Final drafts of the required strategies, and proposed indicators, will be brought to the March meeting of this Committee.

Key indicators

- 2.12 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.
- 2.13 There have been no further reportable (RIDDOR) accidents reported since the previous meeting, leaving the total for the year at two.
- 2.14 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.

Financial monitoring – revenue budgets

- 2.15 A summary of the 2018/19 current spend to budget as at October 2018 is attached at **Appendix 1**. A RAG rating has been included to identify budgets that need further review with budget holders. There are no 'red' areas of concern to report. The graphic below summarises the position:



- 2.16 The approved annual budget included a £1.4m deficit to be funded from general reserves. Latest draft forecasts suggest that actual expenditure is being managed within this figure and the use of general reserves is forecast to be reduced to £1.2 million, with the increased saving arising as a result of temporary staffing savings. The variances are still being reviewed as part of the work to establish an updated forecast for the year and 2019/20 draft budget.
- 2.17 Progress on capital budgets is being monitored through the Investment Committee which receives regular reports on expenditure forecasts and information on this is available via the papers on the website.

Risk management

- 2.18 As previously reported to the Governance and Audit Committee work is continuing to further roll out and embed the new corporate risk management arrangements throughout the organisation. Through the introduction of the first phase of the new internal governance arrangements which came into force in October 2018, risk management has now been formally added into the forward meeting planners for key management groups. Senior Leadership Team, Senior Management Team and Directorate Management Team meetings now have standard agendas which include the consideration of risk as a routine item.
- 2.19 In addition to this new reporting structure, a new Regulatory and Compliance Board was also established and met for the first time in November 2018. The purpose of this Board is to provide a corporate overview of any issues relating to matters of regulation or compliance and to identify any risks arising in these areas. The Board includes attendance from across the organisation and is chaired by the Director, Resources.
- 2.20 The areas which fall within the remit of the Regulatory and Compliance Board include Internal Audit, Health and Safety, information governance (including GDPR) and a wider range of other key controls. A standard agenda has been developed to ensure that there is an opportunity to report against all of these

areas and capture and new risks arising, or changes to known risks in each period. A regulatory and compliance risk register is in development following the first meeting and this will be reviewed and updated at future meetings. The group will also routinely consider any areas of risk which need to be escalated to the corporate risk register.

2.21 A summary of the current corporate risk register is provided at **Appendix 2**. At present there are currently two risks rated as 'very high' which relate to the risk of not securing devolved funding and not delivering against capital funding programmes. There are a further 16 risks which are rated as high but of these:

- two are rated as high which while their probability is considered unlikely, they have an impact which is considered to be 'highly significant'
- seven have a probability of 'possible' but an impact which is considered as 'major'
- seven have a probability of 'possible' but an impact which is considered as 'moderate'

3. Financial Implications

3.1 As set out in the report.

4. Legal Implications

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

5. Staffing Implications

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

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Committee note the information contained in this report.

8. Background Documents

None.

9. Appendices

Appendix 1 - West Yorkshire Combined Authority - Summary Budget 2018/19 as at 31 October 2018.

Appendix 2 – Corporate risk register

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West Yorkshire Combined Authority - Summary

58.3%

Title	Budget 2018/19 £	October 2018 Actual £	%		RAG
Expenditure					
Salary & Pay Related Costs	20,919,698	10,623,763	50.8%	Reflects above average staff vacancies in first part of the year	
Indirect Employee Related Costs	316,170	364,855	115.4%	Overspend attributable to recruitment costs to vacant posts - see above	
Premises Related Costs	6,184,194	3,712,905	60.0%	Spend in line with expectations - rents, rates paid in advance	
Travel, Transport & Subsistence Related Costs	112,984	72,527	64.2%	Spend in line with expectations	
Member Related Costs	153,168	83,389	54.4%	Spend in line with expectations	
Office Supplies & Services	540,050	358,815	66.4%	Spend in line with expectations - spend profile not even during the year.	
ICT & Telephony Costs	2,342,778	1,514,230	64.6%	Spend in line with expectations - ICT & telephony charges paid in advance	
Professional & Consultancy Fees	2,284,998	1,120,611	49.0%	Spend in line with expectations	
Corporate Subscriptions	39,398	34,755	88.2%	Spend in line with expectations - corporate memberships paid in advance	
Marketing & PR Costs	1,315,079	638,106	48.5%	Spend in line with expectations	
Insurance	279,400	305,851	109.5%	Small overspend due to impact of previous year claims history	
Operator Payments (Transport)	27,397,250	17,018,346	62.1%	Spend slightly ahead of expectations - plans in place to address before year end	
Pre Paid Ticket Cost	31,500,000	19,158,830	60.8%	Cost matched by income (see below) ##	
Concessions	56,270,200	32,357,396	57.5%	Spend in line with expectations	
Additional Pension Costs	2,245,800	1,754,117	78.1%	Spend in line with expectations - impact of one annual payment £1.3m	
Financing Charges	5,670,000	1,014,660	17.9%	Spend in line with expectations - charges accrued at the year end	
Grants	4,154,661	796,454	19.2%	Low spend below expectations - due to timing of payments	
Other Miscellaneous Costs	506,158	284,705	56.2%	Spend in line with expectations	
Contribution to External / Related Parties	277,606	81,885	29.5%	Spend in line with expectations - further spend expected in quarter three	
Additional Savings Target	(1,455,000)	0	0.0%	Staff budget saving target - to offset against savings in salary budget above.	
Contingency	200,000	0	0.0%	Awaiting pay award implementation	
Total Expenditure	161,254,592	91,296,201	56.6%		
Income					
Rail Admin Grant	(918,000)	(512,167)	55.8%	Received in arrears - forecast is £878k due to reduction	
LEP General Funding Income	(1,234,000)	(500,113)	40.5%	Received in arrears and towards year end	
LEP Grant Income	(1,385,958)	(808,476)	58.3%	Received in arrears and towards year end	
Growing Places Fund Interest	(200,000)	(55,486)	27.7%	Received in arrears	
Enterprise Zone Receipts	(1,968,000)	(15,859)	0.8%	Received in arrears	
Transport Levy	(94,198,000)	(65,938,186)	70.0%	10 instalments - five received to date	
Bus Service Operator Grant	(1,942,000)	(2,063,592)	106.3%	Received in full at the start of the year	
Education Contribution to Transport	(6,768,000)	(2,527,393)	37.3%	Received in arrears	
Bus Station Tenant Income	(1,472,464)	(952,515)	64.7%	Some receipts in advance / others in arrears. Overall on budget.	
Bus Station / Services - Other Income	(2,866,121)	(1,241,989)	43.3%	Received in arrears	
Admin Recharges	(2,247,672)	(1,135,600)	50.5%	Received in arrears	
Capitalisation of Revenue Costs	(6,803,125)	(3,319,121)	48.8%	Received in arrears	
Pre Paid Ticket Income	(31,500,000)	(19,181,976)	60.9%	Income matches expenditure (see above) ##	
Other Income	(6,299,015)	(2,331,166)	37.0%	Received in arrears - being reviewed with budget holders.	
Total Income	(159,802,355)	(100,583,639)	62.9%		
Net Expenditure	1,452,237	(9,287,438)	-639.5%		

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APPENDIX : Corporate Risk Overview

Current Risk Appetite Statement

	Low Risk Appetite  High Risk Appetite				
	1	2	3	4	5
Compliance and Regulation					
Operational/Service Delivery					
Financial					
Reputational/Marketing/PR					
Strategic Transformational Change					
Development and Regeneration					
People and Culture					

Overview of corporate risks:

Impact

Highly Sig.	High	2 High	2 Very High	Very High	Very High
Major	High	High	7 High	Very High	Very High
Moderate	Medium	Medium	7 High	High	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Low
	Rare	Unlikely	Possible	Probable	Almost certain
	Probability				

Current 'Very High' risks:

		Probability	Impact	Mitigation summary	Movement since last report
	Failure to secure enhanced funding and devolved powers	Possible	Highly significant	Devolution discussions continuing	No Change
	Failure to deliver Growth Deal/other capital funding programmes within timescales/ costs	Possible	Highly significant	Significant controls in place through PMO	No Change

Current 'High' risks:

		Probability	Impact	Mitigation summary	Movement since last report
67 	Failure to have in place the capacity, skills and resource needed to deliver increased workload	Possible	Major disruption	New one organisation structures largely implemented. Business planning ongoing	Probability reduced
	Failure to have the supporting infrastructure and processes in place to deliver against corporate priorities	Possible	Major disruption	Transformation programme & corporate technology programme in place to address this	Probability reduced
	Failure to deliver CA objectives and outcomes to demonstrate that CA/LEP is making a difference	Possible	Major disruption	Continuing to embed remaining elements of change programme	No Change
	Failure to secure continued funding for key services (e.g. economic services, skills capital)	Possible	Major disruption	Ongoing review of funding opportunities/bids	No Change
	Failure to deliver appropriate working arrangements with District partners	Possible	Major disruption	Continuing to strengthen key partnerships	No Change
	Risk of legal proceedings/financial penalty of not being compliant with GDPR	Possible	Major Disruption	Information asset register/data policies continually reviewed	No Change
	Risk that national terrorism threat level is raised to 'imminent' resulting in the need for unanticipated operational changes/costs	Possible	Major Disruption	Continued review of national trends and potential mitigation measures	No Change
	Insufficient national & local investment in the inclusive industrial strategy to make the transformational change needed	Possible	Moderate	Ongoing dialogue with Government	No Change
	Risk of legal challenge as a result of not being compliant with regard to HR, Financial, procurement and Governance Legislation	Possible	Moderate	Policies/procedures in place and subject to ongoing review	No Change

Failure to properly communicate the purpose of the organisation to stakeholders	Possible	Moderate	Continuing brand/Identity work led by communications team	No Change
Failure to secure sufficient revenue funding to run current services	Possible	Moderate	Annual budget development in progress	No Change
Financial failure of a major contractor/supplier to the CA or a recipient of funding from the CA	Possible	Moderate	Contract management processes and regular financial checks in place	No Change
Failure of 3 rd part contractor to deliver within timescales/within expected level of benefits for CA funded projects	Possible	Moderate	Contractual KPI's and robust escalation route in place	No Change
Risk of significant bus service disruption if bus companies do not make adjustments in time for introduction of Leeds clean air zone	Possible	Moderate	Continuing dialogue with operators and LCC to understand impacts	No Change
Major unanticipated change in national policy resulting in operation of the organisation/organisational objectives	Unlikely	Highly significant	Ongoing dialogue with Government. Monitoring of national policy trends	No Change
Risk of Major incident at CA facility, accident /injury to vulnerable person(s)	Unlikely	Highly significant	Policies/procedures/training in place and continually reviewed	No Change

Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Draft Budget 2019/20**

Director(s): Angela Taylor, Director, Resources

Author(s): Jon Sheard/Angela Taylor

1. Purpose of this report

- 1.1 To advise the Overview and Scrutiny Committee of the work underway to progress the budget for 2019/20.

2. Information

- 2.1 The Combined Authority received an update on the draft budget proposals for 2019/20 at its meeting on 13 December 2018. That report and one of its appendices are attached at **Appendices 1 and 2** for information. The appendix to that report that sets out the draft business plans is available [here](#).
- 2.2 The Combined Authority recognises the difficult funding position facing local authorities as they await the outcome of the fair funding review and comprehensive spending review in 2021. This is at a time when their funding continues to be cut and demand for their services is increasing. In the same way that local authorities are focussed on cost reduction, efficiencies and income generation the Combined Authority has also sought to ensure in developing its budget each year that it too is reviewing its activities and finding ways to deliver its services more efficiently. It also seeks to maximise third party income, such as advertising revenue and sponsorship for inward investment events.
- 2.3 The latest draft budget for 2019/20 as presented to the Combined Authority at its meeting showed a required use of reserves of £1.8 million, against the target agreed in February of £1.2 million. This position has been developed through the Member Budget Working Group, and with overview from the Chief Executives. There have been a number of changes to the figures since the strategy was agreed in February 2018 and some significant budget pressures identified. In order to reach the current position a number of reductions and cuts have been included in the draft position and some reprioritisation to enable an allowance for emerging pressures. These are set out in more detail

in the attached report. Further work is underway to reduce the funding gap down to the previously agreed use of reserves of £1.2 million and this will be progressed through the Budget Member Working Group on 10 January.

- 2.4 The paper to be presented for approval to the Combined Authority on 14 February will also include an updated version of the business plan, with clear priorities and success measures that will be monitored throughout the year.
- 2.5 Members are asked to note progress, provide any further areas for consideration and confirm if there is any information they would like to have provided to future meetings.

3. Financial Implications

- 3.1 As set out in the report.

4. Legal Implications

- 4.1 None arising directly from this report.

5. Staffing Implications

- 5.1 None arising directly from this report.

6. External Consultees

- 6.1 None.

7. Recommendations

- 7.1 That the Governance and Audit Committee provide any input to the business planning and budget process and the issues raised in the report.

8. Background Documents

None

9. Appendices

Appendix 1 – Draft business plan and budget 2019/20 report submitted to the Combined Authority (13/12/18)

Appendix 2 - Draft Budget for 2019/20 (13/12/18)



Report to: West Yorkshire Combined Authority

Date: 13 December 2018

Subject: **Draft business plan and budget 2019/20**

Director: Angela Taylor, Director of Resources

Author(s): Jon Sheard and Angela Taylor

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:	N/A

1. Purpose of this report

- 1.1 To provide West Yorkshire Combined Authority with outline directorate business plans and the proposed draft revenue and capital budget for 2019/20.

2. Information

- 2.1 The Combined Authority approved a medium term financial strategy including the detailed 2018/19 budget at its meeting in February. Recognising the challenging financial position faced by its local authority partners, the strategy included a commitment to reduce the transport levy by £1 million each year and to reach a balanced position by 2020/21 that does not require the use of reserves.
- 2.2 Work has been progressing to update and refresh the business plan for the Combined Authority, maintaining the focus on the three big objectives agreed for the current year corporate plan: Productivity, inclusive growth and a 21st century transport system. A number of actions addressing a possible fourth objective of carbon reduction have also been identified. All teams have been

required to demonstrate how expenditure delivers against the objectives and priorities of the Combined Authority and its partners, demonstrating efficiency and effectiveness and value for money for the services delivered.

- 2.3 The Combined Authority recognises the difficult funding position facing local authorities as they await the outcome of the fair funding review and comprehensive spending review in 2021. This is at a time when their funding continues to be cut and demand for their services is increasing. In the same way that local authorities are focussed on cost reduction, efficiencies and income generation the Combined Authority has also sought to ensure in developing its budget each year that it too is reviewing its activities and finding ways to deliver its services more efficiently. It also seeks to maximise third party income, such as advertising revenue and sponsorship for inward investment events.
- 2.4 In putting together budget submissions teams are tasked with minimising costs and maximising income. Senior manager challenge sessions are used to scrutinise the funding requirements put forward, with this information then informing discussions with members on options to present a balanced budget. These actions have resulted in a range of efficiencies and savings each year that have contributed to the Combined Authority being able to reduce the transport levy and achieve more for less.
- 2.5 Actions taken include the reduction in the cost of providing bus services by 50% in real terms over the last ten years, as a result of smarter procurement and a continued focus on value for money. The commitment made in setting the 2019/20 budget includes a further 20% reduction in the cost of bus tendered services over a three year period. The Combined Authority has also reduced costs by three quarters of a million pounds through efficiencies and staff savings arising from adopting new technology including smart ticketing and moving customers to on-line services. Further savings of over a third of a million pounds per year have been made in the cost of managing the Combined Authority's facilities through better contract management and the introduction of an improved more efficient CCTV system.
- 2.6 New teams that have been established have been benchmarked against other authorities and best practice. For example the Delivery directorate was put together in 2016 and the Portfolio Management Office that oversees project delivery is operating on a ratio of only 1 person to every 15 projects, compared to the industry recommendation of 1 to every 4. Other teams have achieved reductions in headcount or an increase in output for the same resource.
- 2.7 **Appendix 1** sets out the draft business plan for each directorate, demonstrating how they deliver against the organisation's priorities and objectives and, at a summary level, the resources required to do so.
- 2.8 **Appendix 2** sets out the draft proposed revenue budget for 2019/20. The final budget for 2019/20 will be approved at the Combined Authority meeting of 14 February to enable the transport levy to be set in accordance with legislative requirements.

- 2.9 The latest position for 2018/19 is considered in agenda item 12 and confirms that the previously agreed position of a use of reserves of £1.4 million looks likely to be achieved. The latest draft budget for 2019/20 shows a required use of reserves of £1.8 million, against the target agreed in February of £1.2 million. This position has been developed through the Member Budget Working Group, and with input from the Overview and Scrutiny Committee and overview from the Chief Executives. There have been a number of changes to the figures since the strategy was agreed in February and some significant budget pressures identified. In order to reach the current position a number of reductions and cuts have been included in the draft position and some reprioritisation to enable an allowance for emerging pressures. These are set out in more detail in the following paragraphs which consider the key drivers and assumptions for the main budget lines. Further work is underway to reduce the funding gap down to the previously agreed use of reserves of £1.2 million.
- 2.10 **Bus strategy** – earlier this year the Transport Committee considered the issues around the effectiveness of expenditure on bus services in supporting mobility and approved revised policy guidelines together with a process of district level bus network reviews. It also approved for consultation revised policy guidelines in respect of home to school services. At the February 2018 budget meeting a 20% savings target was set for all bus service procurement over the period 2018/19 to 2020/21. To date, contract awards and amendments are delivering the necessary savings for 2018/19 and there is an expectation that the targeted savings for 2019/20 will be exceeded by some £500k. This has been possible as a result of retendering some schools services and reshaping of the batch renewals retendered in 2018/19.
- 2.11 **Bus franchising** - discussions regarding bus partnership and alternative models including franchising are continuing. If franchising were to be identified as the preferred way forward then there would be a need to invest in the initial work required to produce an outline business case, including external legal and financial consultancy work. At this stage no costs have been included in the budget to progress this detailed feasibility work although liaison will continue other combined authorities who are progressing this agenda.
- 2.12 **Concessionary travel** – a significant part of the Combined Authority’s budget is spent on the discretionary and statutory elements of the concessionary travel scheme. The costs of the statutory English National Concessionary Travel Scheme for 2018/19 are £46 million and are calculated using a spreadsheet model prescribed by the Department for Transport. This model includes a number of factors, including bus operating costs, so in effect will change each year as inflation affects fuel and salary costs of bus operators. In order to mitigate the potential volatility of these costs arrangements with the major bus operators are in place. 2019/20 is the third and final year of the current arrangement and indications at this stage are that there is a fall in patronage which may result in reviewing the thresholds of the agreement to be applied in 2019/20.

- 2.13 Subsequent years are then forecasting a standstill, when the current agreement with the major bus operators comes to an end. In the absence of any further agreements payments will be made based on actual patronage and the calculated reimbursement rate. The policy position on bus includes a focus on increasing patronage and as such there is a risk that reimbursement costs increase.
- 2.14 A further £9.5 million per annum is spend on discretionary concessions, predominantly for young people and enables them to travel at half fare up to the age of 19. This clearly supports the inclusive growth aims of the Combined Authority and discussions are taking place with bus operators to ensure that maximum benefits are derived from this expenditure.
- 2.15 **Joint work with bus operators** – there are a number of areas of service provision where the Combined Authority works with the bus operators, including the provision of travel information and the sale and administration of MCards. Work has been undertaken to ensure the relative responsibilities of the bus operators and the Combined Authority are understood and that costs are fairly apportioned between them. This has resulted in an increase in income to the Combined Authority in 2019/20 and subsequent years to reflect the current full costs of administering the MCard scheme. There is also a plan to reduce the operating costs of travel centres within the bus stations with the impact of this coming into the budget from 2020/21.
- 2.16 **Enterprise Zones** - the income stream from the Enterprise Zones (EZ) accrues to the LEP and is received by the Combined Authority as accountable body. This is one of the key income streams that has the capacity to grow and is key in establishing a viable budget. The LEP has an Enterprise Zone (EZ) in Leeds at the Aire Valley and a multisite M62 zone, both of which will contribute business rates above the established baseline for a 25 year period from their date of establishment (2013 for Leeds and 2016 for the M62).
- 2.17 The Leeds EZ has been established for some years and is due to pay over £1.2 million in 2018/19. Forecasts used in budget setting in the last three years have shown strong growth in this income but in reality these increases have been slow to materialise. Since establishing the strategy in February the forecast income from this site has fallen from by £1.6 million for 2019/20. Detailed scrutiny of the pipeline of future development is underway to enable a more robust position to be established, building on the already established baseline of £1.2 million due for 2018/19. This is the first year that the full income on the site accrues to the LEP after some initial investment costs have been recovered by Leeds City Council. Significant growth in this income could for example provide a means by which to fund business and skills projects, or further trade and investment activities, and remove some of the dependence on short term government funding.
- 2.18 The M62 EZ consists of nine sites, only two of which are forecast to make any payments this year – Lindley Moor West and South Kirby. Whilst collectively the sites are all due to make multi million pound annual contributions in due

course, they require investment and further development before they can become income generating. Growth Deal funds have been secured as a partial contribution towards these costs and a development plan identifying priority sites for investment is under consideration.

- 2.19 **Capitalisation** - the level of capitalisation ie charging eligible revenue costs to capital schemes was increased for 2018/19, reflecting the growing capital programme in comparison to the revenue expenditure. Work on the size and shape of the future capital programme will assist in identifying whether there is an opportunity to further increase this capitalisation of revenue costs.
- 2.20 **Policy and strategy** – a number of posts in the team have been held vacant in the current budget in order to achieve the saving required. This is being continued into 2019/20 but will clearly limit the capacity of the team to deliver across the full range of policy areas for the Combined Authority and its partners. Additionally there is significant work required to ensure the development of the Local Inclusive Industrial Strategy is underpinned by robust evidence. A compelling strategy will be key to unlocking future funding. Should the proposed LEP merger be agreed by government then the strategy will have to address the revised geography. Government funding is being sought to support this work.
- 2.21 **Rail** – the concerns with the performance of the local rail network is requiring a marked increase in work from the current team to address issues and consider future plans. Coupled with this is uncertainty over the funding from government to support this work via the current administration grant arrangements.
- 2.22 **LEP merger** – the proposed merger between the main constituents of the Leeds City Region LEP and the York, North Yorkshire and East Riding LEP is awaiting approval from government. This will require increased resources to establish agreed ways of working for the new organisation and put in place the right governance and practical arrangements. It is unclear at this stage whether government funding will be available to meet some or all of these costs.
- 2.23 **Trade and Investment** – external funding is being sought to continue the current Key Account Manager posts and if this bid is unsuccessful these costs would need to be met from revenue budgets. There is a clear need to ensure post Brexit that there is sufficient resource to continue to build on the successes of recent engagements with China and India for example.
- 2.24 **Pay award** – the 2018/19 and 2019/20 pay awards have recently been negotiated and the increases are reflected in the attached appendices. It is assumed that future pay awards will be around the 2% average rate settled for this year and next.
- 2.25 **Pay and pension** – the triennial pension valuation will take place in 2020 and will have an impact on ongoing employer contributions. Assumptions on the likely impact of this will need to be agreed.

- 2.26 The pay award has been agreed for both 2018/19 and 2019/20 and these costs have been included in the attached revenue budgets. During the pay negotiations it became apparent that there may be benefit in reviewing the pay structure in place at the Combined Authority. Work on this will be progressed during 2019 with the assumption that any costs arising will be managed within the overall staffing budget.
- 2.27 The draft budget includes as assumption on vacancy savings that will arise as a result of the usual churn of people leaving. The Combined Authority has over recent years been undergoing a review of its staffing structures and now that these revised structures are largely agreed and in place staffing costs can be forecast with greater accuracy.
- 2.28 **Commercialisation** – the Combined Authority owns a portfolio of operational property assets (including bus stations) and some land and property acquired for previous transport schemes. Opportunities are being sought to maximise commercial rents from the portfolio and to identify the longer term scope to realise any redevelopment potential.
- 2.29 **Other income streams** – the Combined Authority has been awarded further funding since February, including from the business rates pool, which has been built into the 2019/20 budget. The cliff edge scenario of short term funding coming to an end for skills programmes in particular continues to cause ongoing challenges in planning the delivery of these key programmes.
- 2.30 **Capital programme** – Work is continuing on finalising the three year capital programme and the funding available. A significant number of new schemes have achieved decision point 2 of the assurance framework and have therefore passed the eligibility threshold for inclusion in the Growth Deal programme. Much of the current Growth Deal funding which makes up the largest element of the capital funding available concludes in 2021. There is an ongoing income stream beyond this date of £30 million per annum for the West Yorkshire plus York Transport Fund, to be supplemented by borrowing in accordance with the original City Deal, but it is expected there will still be a requirement beyond 2021 for a broader capital programme that would need to be supported by borrowing or yet to be identified funding streams.
- 2.31 The detailed programme is being verified by partners delivering the projects and highlights a borrowing requirement from 2019/20 onwards. The revenue costs of supporting this borrowing, which is predominantly for the Transport Fund, will be reflected in the final proposed budget in February, to be funded from the Transport Fund reserve. It is intended to utilise the Transport Fund reserve to support these costs but once these are applied it must be noted that there will be an ongoing long term commitment to meet the costs of the borrowing entered into. A fuller consideration of debt costs and the application of the Transport Fund reserve to meet these is being undertaken and will be brought to the February meeting.

2.32 **Living wage foundation accreditation** – the Combined Authority ensures no employee is paid less than the real living wage. As part of its work on social inclusion consideration will be given as to whether to pursue the full Living Wage Foundation accreditation. This would require the Combined Authority to ensure its contractors and sub-contractors all pay their employees no less than the real living wage. Further work will be undertaken to establish the potential financial costs of doing this, alongside the wider inclusive growth benefits of doing so. No contingency has been built into the current budget assumptions to enable this accreditation to be pursued.

2.33 Members are asked to consider the proposed draft budget and provide any input into the final version of both the business plan and budget that will be brought to the February meeting.

3. Inclusive Growth Implications

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

4. Financial Implications

4.1 As set out in the report.

5. Legal Implications

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

6. Staffing Implications

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

7. External Consultees

7.1 No external consultations have been undertaken. Information on the budget position will be shared with members of the public via the internet during December and January.

8. Recommendations

8.1 That the Combined Authority consider the draft business plan and budget proposals for 2019/20 and provide any further input to them.

9. Background Documents

9.1 None.

10. Appendices

Appendix 1 – Draft business plan for 2019/20

Appendix 2 – Draft budget for 2019/20

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West Yorkshire Combined Authority - Summary 2019/20 Budget

Expenditure	Delivery £	Economic Services £	Strategy & Comms £	Resources £	Corporate £	Transport Services £	Total £
Salary & Pay Related Costs	4,300,561	3,335,913	5,448,432	3,309,380	529,184	6,204,343	23,127,813
Indirect Employee Related Costs	450	3,500		383,000			386,950
Premises Related Costs						6,221,276	6,221,276
Travel, Transport & Subsistence Related Costs	3,500	31,097	20,000	6,500	4,000	40,490	105,587
Member Related Costs				152,000	68,000	1,168	221,168
Office Supplies & Services				54,800		455,950	510,750
ICT & Telephony Costs	50,000		58,971	1,389,680		1,092,067	2,590,718
Professional & Consultancy Fees	200,000	1,124,068	260,000	148,600	66,610	370,600	2,169,878
Corporate Subscriptions				9,468	19,500	3,515	32,483
Marketing & PR Costs		474,931	610,500			244,891	1,330,322
Insurance				304,900			304,900
Operator Payments (Transport)						25,601,325	25,601,325
Concessions						56,422,000	56,422,000
Additional Pension Costs					2,301,600		2,301,600
Financing Charges					5,570,000		5,570,000
Grants		2,333,829					2,333,829
Other Miscellaneous Costs	500	5,781,804	646,250	2,400	405,500	82,424	6,918,878
Contribution to External / Related Parties					292,261		292,261
Staff Vacancy Savings Target			(535,000)		(600,000)		(1,135,000)
Total gross revenue expenditure	4,555,011	13,085,142	6,509,153	5,760,728	8,656,655	96,740,048	135,306,738
Direct cost contribution							
Govt grants and awards		(10,537,279)					(10,537,279)
Bus services operator grant						(2,063,592)	(2,063,592)
Education Contribution to Transport						(6,768,000)	(6,768,000)
Bus Station - Tenant Income						(1,585,431)	(1,585,431)
Bus Station / Services Income (PPT, Depart Chgs)						(2,828,798)	(2,828,798)
Admin Recovery (Staff Secondments)			(241,000)			(2,144,536)	(2,385,536)
Capital recovery	(4,733,566)	(882,664)	(1,158,233)	(885,000)		(375,000)	(8,034,463)
Other third party income		(484,997)	(350,000)		(20,000)	(1,049,920)	(1,904,917)
Net revenue requirement	(178,555)	1,180,203	4,759,920	4,875,728	8,636,655	79,924,772	99,198,723
Funding available							
Rail Income							(790,200)
LEP General Funding Income							(1,234,000)
Growing Places Fund Interest							(300,000)
Enterprise Zone Receipts							(1,858,320)
Transport Levy							(93,198,000)
Net Expenditure Total							1,818,203

Total approved by the Combined Authority (1/2/18)

1,198,646

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Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Local Assurance Framework Review**

Director: Melanie Corcoran, Director of Delivery

Author(s): Rachel Jones / Dave Haskins

1. Purpose of this report

- 1.1 To provide the Governance and Audit Committee with an update on progress relating to changes proposed to the Leeds City Region Local Assurance Framework arising from its annual review, and with the recently issued review of the National Assurance Framework (December 2018 – still in draft at the time of writing this report) and the Strengthened Local Enterprise Partnership report (July 2018).
- 1.2 To ask the Governance and Audit Committee to provide feedback on the updated assurance requirements, and to note the reasons why the review is being undertaken.

2. Information

- 2.1 In view of the growing levels of investment and funding under local control or influence, it is essential that there are robust, transparent and accountable processes in place to ensure value for money for the public purse.
- 2.2 As part of the Growth Deal with Government, a Local Assurance Framework was developed in 2015 to cover all funding flowing through the LEP. The Combined Authority, as the accountable body for the LEP, is also covered by this framework, which is updated on an annual basis.
- 2.3 The Combined Authority's previous Local Assurance Framework was approved by the LEP Board in January 2018 and by the Combined Authority as the accountable body in February 2018. It is the key mechanism to ensure that there are robust processes in place to support the developing confidence in delegating central budgets and programmes to the LEP and the Combined Authority. It covers all significant discretionary projects and programmes funded from Government or local sources that flow through the LEP and the Combined Authority, and has been prepared in accordance with HM

Government National Assurance Framework guidance (2018), and builds on a body of existing good practice. The LEP has to comply with this guidance for the relevant funding streams, but the principles are also applied to the Combined Authority as the accountable body for the LEP in the wider sense.

- 2.4 The Assurance Framework must be published on each Local Enterprise Partnership's website, and reviewed annually. A revision to the 2016 "Local Enterprise Partnership National Assurance Framework" Guidance was published by MHCLG in December 2018 (still in draft at the time of writing this report). This has brought in a set of new requirements, which will be incorporated into this ongoing review. The Combined Authority's Local Assurance Framework is already compliant with the majority of these requirements. Additionally, the recent 'Strengthened Local Enterprise Partnership' report sets out a number of Government commitments alongside a number of additional changes that Government will work with Local Enterprise Partnerships to implement. This is being addressed within the National Assurance Framework, and has implications for the Local Assurance Framework, both for this review and the review for 2020, relating to the revisions to LEP geography.
- 2.5 Changes for 2019 include:
- Requirement for the LEPs to set out arrangements regarding data protection, following introduction of the General Data Protection Regulations (GDPR)
 - A new requirement for LEPs to set out how contracts are managed and the LEP Board kept informed of progress
 - Further detail regarding the roles and responsibilities of the LEPs, and Section 151/73 Officers
 - Detail to specify the role that is responsible for certain tasks, including ensuring value for money and scrutiny and recommendation for business cases, the final sign off for funding decisions and a named diversity champion
- 2.6 Other changes required to the Assurance Framework include an update to the delegated authority to reflect the recent changes to Investment Committee, and an update to reflect recent changes to stage 1 of the assurance process.
- 2.7 Section 151/Section 73 Officers are required to write to HM Government by 31 March 2019, ahead of next year's Local Growth Fund payment, to certify that the Combined Authority's Local Assurance Framework is compliant with the national framework.
- 2.8 A revised version of the document has been developed, to take account of changes to the Combined Authority Assurance Process and recent review of the National Assurance Framework. The scope of the revised Local Assurance Framework remains broadly unchanged to the existing document, and is as follows:
- updated detail on the LEP's governance and decision-making arrangements and processes for accountable and transparent decision-making to ensure the proper use and administration of funding;

- information on how the LEP will prioritise and appraise schemes, facilitate business case development and undertake risk management; and
- a description of the arrangements for supporting the effective development, appraisal and delivery and implementation of projects and programmes, including relationships with delivery bodies.

Next Steps

- 2.9 A draft of the Local Assurance Framework will be presented for approval by the Combined Authority at its meeting on 14 February 2019. A final draft version of the report will be presented to the Governance and Audit Committee on the 21 March 2019, and the LEP Board for approval on 26 March 2019. A working group of the Overview and Scrutiny Committee is providing input to the development of the updated version, as it has in previous years.
- 2.10 It is the responsibility of the Director of Resources, as the Combined Authority's Section 73 Officer (the Chief Finance Officer) to write to HMG ahead of the 2019 Local Growth Fund payments to certify that the Local Assurance Framework has been agreed, is being implemented, and meets the standards set out in the National Assurance Framework.
- 2.11 It is envisaged that further changes will need to be made to the Local Assurance Framework as more projects move through the appraisal process, to reflect any future updates to guidance, feedback from the "Annual Conversation" with Government and as an evolution to the process as more projects are progressed.
- 2.12 It is anticipated that significantly more work will be required next year to ensure the changes required as part of the Strengthened Local Enterprise Partnerships report and changes to the LEP geography are addressed in the Local Assurance Framework.
- 2.13 Subject to further changes being required, an update to the Local Assurance Framework will be brought to the LEP Board and the Combined Authority on at least an annual basis.

3. Financial Implications

- 3.1 None arising directly from this report. It should be noted that non compliance with government requirements in respect of the Combined Authority/LEP's Local Assurance Framework may impact on the receipt of Growth Deal and other funding.

4. Legal Implications

- 4.1 None arising directly from this report.

5. Staffing Implications

5.1 None arising directly from this report.

6. External Consultees

6.1 None.

7. Recommendations

7.1 The Governance and Audit Committee is asked to:

- (i) Note that the Leeds City Region Local Assurance Framework is being revised for the reasons set out in this report.
- (ii) Provide any feedback on the updated assurance requirements.

8. Background Documents

8.1 There are no background documents.

9. Appendices

9.1 None.

Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Overview and scrutiny update**

Director(s): Angela Taylor, Director of Resources

Author(s): Khaled Berroum, Scrutiny Officer

1. Purpose of this report

- 1.1 To provide the Governance and Audit Committee with an update on overview and scrutiny activity this municipal year (2018-19).

2. Information

Background

- 2.1 Combined authorities and local authorities are required by legislation to appoint at least one overview and scrutiny committee and designate an officer as the statutory scrutiny officer with the responsibility of supporting and advising the Committee in its work, coordinating and facilitating the scrutiny process, and helping the committee fulfil its work programme.
- 2.2 The Combined Authority's Overview and Scrutiny Committee is responsible for scrutinising any decision or action taken by a decision-making committee or officer in connection with any function of the Combined Authority or the Leeds City Region Enterprise Partnership (LEP).
- 2.3 The Committee performs this function by receiving reports on key issues, making formal recommendations which must be responded to within two months, postponing and 'calling-in' decisions, arranging working groups, initiating inquiries and producing reports into major issues of concern.
- 2.4 An overview of scrutiny's functions and powers is outlined in the Scrutiny Standing Orders, approved every year at the Combined Authority annual meeting, available to view online here:
<https://westyorkshire.moderngov.co.uk/documents/s8159/Scrutiny%20Standing%20Orders.pdf>

2018/19 scrutiny work programme and agenda forward plan

- 2.5 Each year, the Committee undertakes to develop its work programme. A summary of the current Scrutiny Work Programme is attached at **Appendix 1**.
- 2.6 The Committee set its work programme and agenda forward plan at its first meeting of the municipal year on 13 July 2018 where it agreed to look further at the following issues:
- Budget planning and priorities
 - Assurance Framework review
 - Business grants programme
 - Apprenticeships
 - Inclusive Growth
 - Transport priorities
 - Fuel poverty
 - Flood Review recommendations
 - Combined Authority's engagement with the public
 - Devolution
 - Productivity

Ongoing reviews

- 2.7 At the 13 July 2018 meeting, the Committee agreed that the time was right to revisit and conduct a review of scrutiny arrangements and their effectiveness, with member involvement and input. The review will take into account new government guidance for scrutiny due to be issued imminently and is expected to reform how scrutiny currently functions.

Scrutiny Working Groups

- 2.8 Last year's Transport scrutiny working group was reappointed to consider the new Transport Committee Chair's priorities and how the Overview and Scrutiny Committee can better engage with the Transport Committee and transport issues without duplicating efforts.
- 2.9 The Transport Working Group is currently preparing a summary of conclusions arising from its recent meetings considering the Joseph Rowntree Foundation's (JRF) report entitled 'Tackling transport-related barriers to employment in low-income neighbourhoods' and potential Transport issues for the Overview and Scrutiny Committee to consider further including rail performance, accessibility and integrated ticketing.
- 2.10 The Strategic Economic Plan (SEP) working group was also reappointed to consider the Assurance Framework review with a particular focus on risk management and appetite. After developments arising from the national ministerial review of LEPs, the SEP working group was reconstituted a '**LEP Review Working Group**' and assigned the tasks of:

- i) Engaging with and monitoring the LEP's implementation plan with a focus on ensuring governance, assurance and scrutiny arrangements are robust, transparent and beneficial to all parties
- ii) Scrutinising the development of the Assurance Framework and risk management processes in compliance with new government guidance
- iii) Scrutinising the development of the Local Inclusive Industrial Strategy and policy framework, with a focus on measuring outcomes and performance indicators
- iv) Engaging with North Yorkshire and York scrutiny members

Scrutiny's consideration of matters relating to the Governance and Audit Committee's remit

2.11 Scrutiny has considered a number of issues this year so far which pertain to the Governance and Audit Committee's remit and focuses.

Risk assessment in budget planning and decision making

2.12 When business planning and the 2019/20 budget were considered at the 14 September 2018 committee meeting, Members noted that:

- The Combined Authority maintains a corporate risk register under the RAG (red, amber, green) system, which a scrutiny working group contributed to developing in the past. The risk register is reviewed and updated periodically and after new decisions are taken.
- There are some contingencies in place to support the bus network in the event that one of the larger bus operators ceases to operate very suddenly. The Combined Authority has pursued a policy of seeking to increase competition for bus tenders in order to strengthen market resilience.
- Fuel prices and inflation that ultimately impact on concessionary reimbursement and bus tendered services are taken into account in risk assessments and in setting reserves policy, but are ultimately outside the Combined Authority's control.

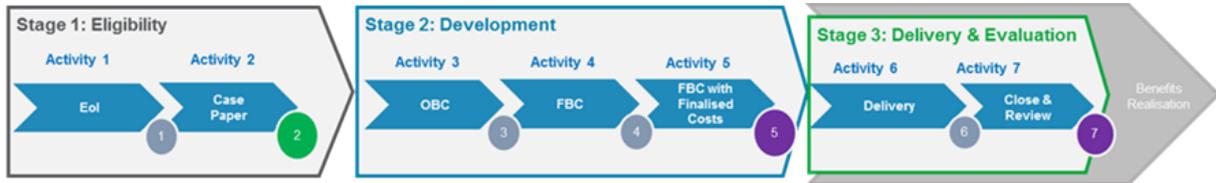
2.13 The Committee concluded that it expected full risk assessments to be undertaken for any significant policy decision prior to the decision being made, to give decision makers and members an accurate picture of potential risk and details of planned interventions that might be necessary to mitigate the identified risks.

Greater scrutiny of the assurance process

2.14 The LEP scrutiny working group met on 9 November 2018, 14 December 2018 and 4 January 2019 to discuss proposed revisions to the assurance framework. Although the publication of new national assurance framework guidance is still being awaited, officers were sighted with an early draft version

which, although not final, provided an insight into what changes could be expected.

Figure 1: Assurance Process



- 2.15 Members discussed some of the changes to the existing framework proposed by officers in more detail and concluded amongst other things that the presence of scrutiny in the assurance process could be better highlighted, for instance in the Assurance Process diagram highlighted in **Figure 1** (above) and throughout the Assurance Framework document, where appropriate.

Other main conclusions this municipal year and items for the next meeting on 22 March 2019

- 2.16 At its 14 September 2018 meeting, the Overview and Scrutiny Committee agreed a two recommendations relating to the business grant programmes, as follows:
- 1st) That work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview & Scrutiny Committee.
 - 2nd) That, upon the conclusion of a business grant programme, a full outcomes report for each programme be produced for the Overview & Scrutiny Committee focusing on, but not limited to, inclusive growth, productivity, job creation, innovation, and environmental outcomes.
- 2.17 The Overview and Scrutiny Committee has requested a report detailing the background to the development of the current inclusive growth criteria for the Business Growth Programme (BGP) and an assessment of the options relating to extending inclusive growth criteria to all business grant programmes to be brought to the 22 March 2019 committee meeting.
- 2.18 In addition to Business Grants, other items due for discussion on 22 March 2019 include:
- Corporate Plan and performance
 - Changes to scrutiny arrangements and compliance with scrutiny guidance
 - Transport priorities
 - Devolution (if there are any developments)

3. Financial Implications

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

4. Legal Implications

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

5. Staffing Implications

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

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Governance and Audit Committee note and comment on the report.

8. Background Documents

[Scrutiny Standing Orders](#) (amended on 3 January 2019) – West Yorkshire Combined Authority.

9. Appendices

Appendix 1 – Scrutiny Work Programme Summary (January 2019)

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Scrutiny Work Programme Summary (January 2019)

Formal referrals	None
Reviews	<ol style="list-style-type: none"> 1. A review into the Combined Authority's scrutiny arrangements (<i>deferred until new government scrutiny guidance is published</i>). 2. No other reviews

Overview and Scrutiny Committee – Forward Plan (2018/19)		Info
Standing items for all meetings	Chair's Update Scrutiny Work Programme <ul style="list-style-type: none"> - Referrals - Reviews - Agenda forward plan - Working groups - Matters to raise at the Combined Authority - Key decisions and call in 	
13 July 2018	1. Policy Framework / Local Inclusive Industrial Strategy	
	2. Devolution	
14 September 2018	1. Government review of LEPs	
	2. Business grants	
	3. Business planning and Budget 2019/20	
	4. "West Yorkshire... and beyond – Calderdale Council's contribution to the Combined Authority"	
16 November 2018	1. Flood Review	
	2. Combined Authority's engagement with the public	
	3. Devolution	
18 January 2019	1. Governance changes	
	2. Assurance Framework (including any working group findings)	
	3. Apprenticeships	
	4. Inclusive Growth	
	5. LEP Review (including any working group findings)	
	6. Draft Budget 2019/20 (for information - subject to developments)	
22 March 2019	1. Business grants criteria	
	2. Transport priorities (including any working group findings)	
	3. Changes to scrutiny arrangements and compliance with statutory scrutiny guidance – to be confirmed	
	4. Devolution (subject to developments)	
	5. Corporate Plan and performance (to be confirmed)	
24 May 2019	1. Fuel Poverty	
	2. Devolution (if there are developments)	
	3. Assurance Framework (including any working group findings)	
	4. Annual scrutiny report and work programming 2019/20	

Issues / Reports Shortlist – 2018/19		
Issue	Notes	Date
Devolution - scrutiny arrangements in One Yorkshire Combined Authority	Requested at 16 November 2018 meeting	<i>To be confirmed</i>
Scrutiny communications and engagement plan / strategy	Requested at 16 November 2018 meeting	<i>To be confirmed</i>
Digital Inclusion	Suggested at 16 November 2018 meeting	<i>To be confirmed</i>

Workshops		
Issue	Notes	Date
Review of scrutiny arrangements	Two or three workshops	<i>January – March 2019</i>
Productivity	'Scrutiny in a day'	<i>Likely to be 2019/20</i>

Working Groups		
	LEP Review	Transport
Membership *Lead Member	S Baines (C – Calderdale) * P Kane (L – Kirklees) M Pollard (C – Bradford) R Watson (L – Bradford)	I Cuthbertson (LD – York) * D Foster (L – Calderdale) P Harrand (C – Leeds) D Ragan (L – Leeds)
Items / Tasks	<ul style="list-style-type: none"> - LEP review implementation plan' governance and scrutiny arrangements - Assurance Framework and risk - Local Inclusive Industrial Strategy 	<ul style="list-style-type: none"> - Recommend transport issues to be considered in work programme - 'Tackling transport-related barriers to employment' – JRF report - Accessibility in transport - Integrated ticketing - Rail performance and reviews
Meeting dates	<ul style="list-style-type: none"> - 9 November 2018 - 30 November 2018 - 14 December 2018 - 4 January 2019 - <i>To be confirmed – possible further meetings in 2019</i> 	<ul style="list-style-type: none"> - 22 October 2018 - 29 October 2018 - 5 November 2018 - <i>To be confirmed – possible further meetings in 2019</i>

Other actions		
Action	Date	Actioned
Director of Transport Services raising issue of mobility scooters not being permitted on Northern trains on behalf of the Committee	16.11.18	Yes. Response received from Northern outlining policy and shared with Members via email on 07.01.2019