

**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON TUESDAY, 23 JULY 2019 AT COMMITTEE ROOM B,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Andy Clayton (Chair)	Department for Work and Pensions
Councillor Geraldine Carter (Substitute)	Calderdale Council
Councillor Susan Hinchcliffe	Bradford Council
Councillor Tim Swift MBE	Calderdale Council

In attendance:

Mark Dalton	Mazars Auditors
Julie Winham	Independent Auditor
Angela Taylor	West Yorkshire Combined Authority
Jonathan Sheard	West Yorkshire Combined Authority
Ben Kearns	West Yorkshire Combined Authority

1. Apologies for Absence

Apologies for absence were received from Councillor Pandor and Councillor Hall.

2. Declarations of Disclosable Pecuniary Interests

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

3. Exclusion of the Press and Public

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

4. Minutes of the Meeting of the Governance and Audit Committee held on 21 March

Resolved: That the minutes of the last Governance and Audit Committee be approved.

5. Governance Arrangements and Forward Plan

Members considered a report which outlined the governance arrangements as well as the amended terms of reference for the Governance and Audit

Committee as recently approved by the Combined Authority. A proposed work plan for the forthcoming year was also included.

The Committee noted that a recruitment process was underway to appoint a second independent member and members were invited to be involved in the recruitment process.

Resolved:

- (i) That the governance arrangements approved by the Combined Authority at the Annual Meeting on 27 June be noted.
- (ii) That the proposed work programme attached at Appendix 2 be considered.

6. External Audit Progress Report

The Committee considered a report which provided an update on external audit matters since the last meeting. The Committee was informed that the PSAA had published the fee scale for the audit of the 2019/20 accounts and that the audit fee for the 2019/20 accounts remained unchanged.

Members discussed the audit fee and noted that it represented good value for money. Mark Dalton from Mazars was in attendance and re-confirmed Mazars commitment to a high quality service.

Resolved: That the outcome of the 2019/20 fee consultation and the fee letter from Mazars be noted.

7. Internal Audit - External Quality Assessment

The Committee considered a report which presented the findings of the internal audit external quality assessment.

The Committee noted the findings of the report which was attached at Appendix 1 of the submitted report. This report concluded that the Combined Authority's internal audit section 'generally conforms with the definition of Internal Auditing, the Code of Ethics and the Public Sector Internal Audit Standards' which was the highest rating that could be provided.

Julie Winham was in attendance and drew members' attention to Appendix B which outlined her findings and the areas of partial or non-compliance.

Members were introduced to Bronwyn Baker, the new Head of Internal Audit, and discussed the future role of internal audit. Members considered the scope for internal audit to move away from cyclical auditing and better align it with the organisations strategic risks / priorities.

Members noted that the report included a number of actions that had been agreed by the previous Internal Audit Manager. It was agreed that the new Head of Internal Audit consider the timings of the recommendations and report back to the next meeting of the Governance and Audit Committee on her

plans to implement them.

Resolved: That the report and the proposed actions be noted.

8. Review of Internal Control and Effectiveness of Internal Audit

The Committee considered a report which presented the outcome of the review of the system of internal control and the effectiveness of internal audit.

The Committee noted the conclusion of the review which found that the internal audit function met the required Public Sector Internal Auditing Standards.

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

9. Annual Internal Audit Report and Opinion

The Committee considered a report which presented the annual internal audit report 2018/2019 which was attached at Appendix 1.

Members discussed the Audit plan 2018/19 and identified Tendered Subsidised Bus Services as well as GDPR as possible areas of concern given that they had been awarded a limited audit opinion. The Committee was reassured that the issues which had been raised during the audit process had been addressed. A brief paper setting out the actions taken and any still to be taken with regard to GDPR compliance was requested for the next meeting.

Members discussed concessionary fares and queried how the business satisfied itself with regard to the reliability of the external information on which the budget line was based. Officers suggested that they would bring an item to a future meeting explaining the controls in place in this area.

Members also discussed the way in which the information was presented and questioned whether it could be presented in a clearer, more condensed form, with a sharper focus on the conclusions reached and how the work undertaken in the year addressed the strategic risks.

Resolved: That the contents of the annual Internal Audit report and opinion be noted.

10. Internal Audit Progress Report

The Committee considered a report which informed members of the work undertaken by the internal audit section.

It was noted that the new Head of Internal Audit would take the opportunity to review the current audit plan and consult with members to establish a revised plan over the summer. This would consider how best to use the resource

available.

The Committee noted that most of the outstanding audit recommendations made in the 2018/19 year had been implemented while the timescales for any remaining recommendations would be agreed and reported to the next meeting of the Governance and Audit Committee.

Resolved: That the report be noted.

11. Annual Accounts 2018/19

Members considered a report which presented the 2018/2019 annual accounts for approval. The report also included a treasury management statement for approval at appendix 2.

Members noted the financial position and requested more information on the financial forecasts. In particular members were interested in measuring the accuracy of the financial forecasts compared to the finalised accounts.

Mark Dalton, from Mazars, was in attendance and presented their Annual Completion Report which was attached at Appendix 3. The report outlined the significant audit risks identified at the planning stage and included a management response. Mazars confirmed that the audit work had progressed smoothly and that they were intending to issue an unqualified audit opinion as well as an unqualified value for money conclusion.

Resolved:

- (i) That the Treasury Management statement in Appendix 2 be recommended for approval.
- (ii) That Mazars audit completion report be considered.
- (iii) That the annual accounts for the year ended 31 March 2019 be approved.

12. Compliance and Monitoring

The Committee considered a report which set out any changes to the internal control since the last meeting of the Committee and the current financial position.

Resolved: That the report be noted.

13. Annual Accountability Reporting

The Committee considered a report which provided an update on any complaints or concerns have been raised about the Leeds City Region Local Enterprise Partnership. Members noted that no complaints or concerns had been raised.

The report also updated the Governance and Audit Committee regarding the new Conflict of Interest protocol.

Resolved:

- (i) That the Governance and Audit Committee notes that no complaints or concerns raised this year about the LEP (or any member of the LEP board) under the LEP's complaints procedures, the Combined Authority's complaints policy and the LEP's whistleblowing policy.
- (ii) That the Governance and Audit Committee notes
 - The conflicts of interest protocol and policy attached at Appendices 1 and 2 to this report, and
 - The summary set out in Appendix 3 to this report, relating to grant applications considered under conflict of interest arrangements in place 2018-2019.

14. Committee on Standards in Public Life Publication

Members considered a report from the Committee on Standards in Public Life on local government ethical standards.

The Committee was informed that the Combined Authority was already in line with the majority of recommendations and any minor gaps were set out in appendix 1 to the submitted report which set out the identified best practice and the Combined Authority's position.

Resolved:

- (i) That the Committee considered the report on local government ethical standards issued by the Committee on Standards in Public Life and its recommendations.
- (ii) That the Committee reviewed the Combined Authority's arrangements for promoting ethical standards against the best practice recommendations of the Committee, as set out in appendix 1 to the submitted report, noting
 - The amendments made to date by the Combined Authority and the LEP, and
 - The proposals put forward by the Head of Legal and Governance Services.
- (iii) That no further actions were proposed following the review of the Combined Authority's arrangements for promoting ethical standards generally.