

**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON TUESDAY, 12 MAY 2020 AT REMOTE MEETING - TO BE
LIVESTREAMED HERE:
[HTTPS://WWW.YOUTUBE.COM/CHANNEL/UCAZJNSGPQZZT41VIBN2
ZK9A/LIVE](https://www.youtube.com/channel/UCAZJNSGPQZZT41VIBN2ZK9A/LIVE) (COPY AND PASTE THE LINK IN YOUR BROWSER).**

Present:

Councillor Susan Hinchcliffe
Joanna Wardman
Councillor David Hall
Councillor Shabir Pandor
Councillor Tim Swift MBE

Bradford Council (Chair)
Independent Member
Kirklees Council
Kirklees Council
Calderdale Council

In attendance:

Mark Outterside
Mark Kirkham
Angela Taylor
Bronwyn Baker
Jonathan Sheard
Ruth Chaplin

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

36. Appointment of Chair

Resolved: In the absence of Andy Clayton, it was agreed that Councillor Susan Hinchcliffe chair the meeting.

37. Chair's Comments

Members were advised that this meeting had been rescheduled from 19 March 2020 which was postponed due the COVID-19 lockdown restrictions.

On 4 April 2020 new regulations came into force which made provision to enable local authorities (including Combined Authorities) to hold meetings remotely via means such as telephone conferencing, video conferencing, live webcast, and live interactive streaming provided that the press and public have real time access to the meetings and website access to the papers. In this respect, the meeting was being livestreamed via YouTube.

The reports to be considered had already been published for the postponed

meeting and these have been reissued with updates added. An additional report had been included on the agenda following the budget announcement regarding the proposed devolution of the Adult Education Budget.

38. Apologies for Absence

Apologies for absence were received from Andy Clayton.

39. Declarations of Disclosable Pecuniary Interests

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

40. Exclusion of the Press and Public

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

41. Minutes of the Meeting of the Governance and Audit Committee held on 23 January

Resolved: That the minutes of the meeting held on 23 January 2020 be approved.

42. Internal Audit Progress Report

The Committee considered a report and appendix which provided an update on the progress of the internal audit function against the delivery of the annual internal audit plan.

The Head of Internal Audit reported that her team had been providing some support to the organisation's COVID-19 response but work would now be starting on the 2020/21 internal audit plan subject to its approval.

It was noted that work was almost complete on the 2019/20 audit delivery and Members discussed the completed reviews and advisory report in respect of compliance with HR policies. It was noted that the issues identified had all been fully resolved and further guidance and awareness training would continue to be carried out with managers. It was requested that updates be provided to future meetings.

It was noted that the Authority was undertaking a significant technology programme which included a full revision of existing disaster recovery arrangements but due to the COVID-19 pandemic, there had been delays in finalising the plan. However an interim working document was successfully utilised when the Government announced the lockdown. The organisation had coped well with the situation as all staff had been provided with new equipment prior to the lockdown as part of the corporate technology programme. This had enabled all office based staff to work from home with access to full systems and the Committee asked that their thanks be passed to the ICT team for their involvement in this process.

Resolved: That the internal audit progress be noted.

43. Proposed Internal Audit Plan 2020/21

The Committee considered a report on the proposed audit plan for 2020/21 which was attached at Appendix 1.

It was noted that the proposed plan had been updated following discussion at the previous meeting and that any internal audit plan is subject to a continual review process once approved. However due to COVID-19 and the progression towards becoming a Mayoral Combined Authority, this will now be subject to further review. The Committee was asked to approve it so that work can start on some areas of the plan and an update would be brought to the next meeting with any proposed changes.

Resolved: That the draft Internal Audit Plan 2020/21 be approved and that it be kept under review at subsequent meetings.

44. External Audit Update

The Committee considered a report which presented Mazars's external audit progress report to the Committee.

The meeting was attended by Mark Outterside and Mark Kirkham from Mazars. The Committee was advised that work was on track and Mazars had completed their interim audit fieldwork. Appendix 1 to the submitted report provided an update on the audit work already completed and it was reported that after early substantive testing of key systems and controls there were no matters to bring to the Committee's attention.

An update from the Public Sector Audit Appointments Limited (PSAA) was attached at Appendix 2. This provided information on audit planning and audit fees. Members noted that it had been agreed with the Chair of the Committee not to participate in the consultation on audit fees on this occasion due to the good level of external audit services provided to the Authority and the assurances provided by Mazars at these meetings. Confirmation had now been received from the PSSA that the audit fee for 2020/21 would be £25,964, the same as the previous year (copy attached at Appendix 3). Due to the COVID-19 pandemic, public authorities have been granted deadline extensions for the annual accounts, with final/audited accounts due by 30 November 2020. However it was proposed to follow the usual timescale of presenting the accounts to the Committee at end of July 2020 for final approval.

The impact of COVID-19 on all local authorities' budgets was noted. The Combined Authority's budget for the current year had been agreed in February prior to the pandemic and options to address the funding gaps now being created, particularly in respect of transport, were being considered. This included lobbying Government for support and Councillor Hinchcliffe advised the meeting that she had written to the Minister on behalf of the Combined Authority asking how the gaps in the budget will be addressed. A meeting of the Budget Working Group would be arranged to consider proposals.

Resolved:

- (i) That the external audit progress report attached at Appendix 1 to the submitted report be noted.
- (ii) That the Public Sector Audit Appointments Limited updates at Appendices 2 and 3 of the submitted report be noted.

45. Compliance and Monitoring

The Committee considered a report on compliance and monitoring which set out any changes to the arrangements for internal controls since the last meeting of the Committee and the current financial position.

The current revenue spend to budget as at February 2020 was attached at Appendix 1 and the 2019/20 final outturn figures will be brought to the next meeting. The business plans and budgets for 2020/21 were attached at Appendices 2, 3 and 4 and had been approved by the Combined Authority at their meeting held on 6 February 2020. Work to revise the 2020/21 budget due to COVID-19 was underway and options and proposals would be considered by the Budget Working Group and a report brought to the next meeting.

Members discussed the draft capital strategy which was attached at Appendix 5. In recommending the draft strategy to the Combined Authority for approval, it was noted that the strategy would require early review to ensure it remained fit for purpose for the COVID-19 response. A further report would be brought to the next meeting.

Members discussed the corporate risk register which was attached at Appendix 6. It was noted that this is being updated to reflect the impact of the COVID-19 pandemic and will be brought to the next meeting.

The Committee thanked Governance Services for the new arrangements which were speedily put in place following lockdown in respect of decision making and meeting arrangements

Resolved:

- (i) That the report be noted.
- (ii) That the draft capital strategy be recommended to the Combined Authority for approval, noting that an early review would be required.

46. Devolved Adult Education Budget Assurance

The Committee considered a report on Devolved Adult Education Budget (AEB) Assurance.

Members discussed the proposed plans for the Combined Authority to receive devolved powers and manage the devolved Adult Education Budget (AEB) from 2021 on which additional assurances will need to be given.

It was reported that additional funding of £63 million would be devolved and the Internal Audit team have been allocated resources for a part time Principal Auditor to support preparation work. Further resource requirements are to be identified once the funding rules and assurance framework have been determined.

A Project Board has been convened, which includes representation from internal audit, to prepare for the devolution of the AEB from Government as part of the West Yorkshire devolution deal. Internal audit are also involved in the implementation phase of the project including the development of appropriate controls and assurance processes over expenditure of the devolved funding.

The Committee discussed the implications for internal audit and the Governance and Audit Committee which were set out in paragraphs 2.7 and 2.8 of the submitted report. The Department for Education (DfE), require that various Readiness Conditions relating to corporate control measures are met. These were attached at Appendix 1 and the Committee confirmed it was satisfied that compliance was being met for the aspects highlighted. It was noted that the AEB devolution project would be included on the corporate risk register and regular compliance and quality audits of contract evidence would be undertaken.

Resolved: That the compliance assurances provided in relation to internal audit and the Governance and Audit Committee be noted.