

**NOTES OF THE MEETING OF THE GOVERNANCE AND AUDIT
COMMITTEE HELD ON THURSDAY, 22 JULY 2021**

Present:

Councillor Tim Swift MBE (Deputy Chair)	Calderdale Council
Councillor Matthew Robinson	Leeds City Council
Joanna Wardman	Independent Member
Debbie Simpson	Independent Member
Mark Dalton (Auditor)	Mazars

In attendance:

Angela Taylor	West Yorkshire Combined Authority
Bronwyn Baker	West Yorkshire Combined Authority
Jonathan Sheard	West Yorkshire Combined Authority
Ben Kearns	West Yorkshire Combined Authority

1. Apologies for Absence

Apologies were received from Councillor Hinchliffe and Councillor Pandor.

2. Declarations of Disclosable Pecuniary Interests

There were no declarations of pecuniary interests at the meeting.

3. Exempt Information - Possible 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 13 March

As the meeting was inquorate the minutes of the meeting of the Governance and Audit Committee held on 13 March would be approved at the next meeting of the Committee

5. Governance Arrangements and Forward Plan

Members discussed a report that set out the governance arrangements for the Governance and Audit Committee and outlined a work plan for the forthcoming year.

Members discussed the need to ensure that the governance function was adequately resourced considering the increased scrutiny activity and the new committee structure. It would be necessary to monitor the situation as it progressed to see if additional resource was required.

Resolved:

- (i) That the governance arrangements approved by the Combined Authority at the Annual Meeting on 24 June 202 be noted.
- (ii) That the proposed work programme at Appendix 2 to the submitted report be noted.

6. Review of Internal Control and Effectiveness of Internal Audit

Members considered a report which set out the result of a review of internal control and the effectiveness of internal audit.

The Governance Code and Framework was approved at the annual meeting of the Combined Authority. Members noted that the code and framework would be updated following the changes to governance arising from the change to a mayoral combined authority. The updated code and framework would be brought to a future meeting of the Committee for consideration and approval.

The review of the effectiveness of internal audit concluded that the function complies with the necessary standards and had worked to an adequate standard throughout the year.

Members discussed the role of officer groups and that the officer arrangements could be set out more clearly to enable members to understand the role they played and assess their performance.

Members discussed benchmarking and the possibility of comparing performance with other Combined Authorities which could also enable forward planning.

Resolved:

- (i) That the review of the internal control and the effectiveness of internal audit be noted
- (ii) That the outcome of the review be approved at the next meeting.

7. Internal Audit Annual Report and Opinion 2020/21

Members considered a report which set out the Internal Audit opinion for 2020/21.

It was noted that Internal Audit had managed to complete sufficient work against the plan, both advisory and assurance, to ensure that 2020/21 opinion was not limited by volume or scope. The opinion for the last year was that

systems of control, governance and risk management had been adequate for 2020/21.

Members discussed how internal audit was received by parts of the organisation and whether more could be done to promote the advisory role of internal audit within the Combined Authority. Members noted that officers within the organisation had requested audit to get involved early and help build systems.

Members discussed the scale of the internal audit plan for the forthcoming year and whether the internal audit team was sufficiently resourced to deliver it. Members noted that recruitment was underway for a post focusing on the adult education budget. Contingencies were in place using agencies to draft in audit specialisms if required but resourcing would be kept under review especially given the increasing scope of the Mayoral Combined Authority.

It was suggested that it would be useful to demarcate the advisory work from the control work in future audit reports.

Resolved: That the internal audit report and opinion be noted.

8. Internal Audit Progress Report

Members considered a report which provided an update of progress against delivery of the 2021/22 internal audit plan.

At this stage the plan had not changed since the committee approved it in March, but any future changes would be reported to the committee.

Resolved: That the report be noted

9. External Audit Progress Report

Members considered a report that provided an update on external audit matters.

The external audit had commenced and was due to report its final opinion to the meeting on 30th September 2021. The external audit progress report was attached at Appendix 1.

It was reported to members previously that a fee variation for the 2019/20 annual audit work was expected with the increase being a cost seen nationally. Members noted the upward pressure on audit fees and that the audit fees were under review for future years due to the increased complexity of the audit resulting from the organisation becoming a Mayoral Combined Authority.

The deadline for the new style value for money commentary had been extended by the National Audit Committee and would be reported to the January meeting of the Governance and Audit Committee.

Members discussed materiality for the audit which had been set at 2% of

gross expenditure which was in line with materiality set across local government audits.

Resolved: That the report be noted.

10. Compliance and Monitoring

The Committee considered a report which set out any changes to arrangements for internal controls since the last meeting as well as the financial positions for 2020/21 and 2021/22.

There had been no significant changes or breaches in the arrangements for internal controls and no RIDDOR incidents in the period.

There had been no concerns with the treasury managements arrangements.

Members noted the budget position with a small surplus achieved in the previous financial year in challenging circumstances. Work was underway on the 2021/22 budget.

Members discussed the importance of cyber security and what actions the Combined Authority had taken to mitigate risks of a cyber-attack. It was noted that the Combined Authority had recently completed a 3 year programme to update and improve its ICT systems including a cyber essential accreditation.

Members also discussed the risk around bus services post pandemic and how the Combined Authority would measure commercial value and social value when assessing routes.

Members felt that the risk register need to include more information – particularly relating to the how long each of the risks had been on the register, the direction of travel and proposed mitigations. Members asked for a deep dive into the risks that had been on the register for the longest period.

Resolved: That the report be noted.

11. Annual Accountability Reporting

Members considered a report which set any complaints and concerns raised about the Leeds City Region Local Enterprise Partnership and/or members of the LEP Board in the last year.

It was noted that there had been no complaints in the last year.

A list of grant applications considered under the conflict of interest arrangements in the previous year was attached at appendix 1 to the submitted report.

Resolved: That the report be noted.