

**MINUTES OF THE MEETING OF THE  
GOVERNANCE AND AUDIT COMMITTEE  
HELD ON THURSDAY, 29 MARCH 2018 AT WELLINGTON HOUSE,  
WELLINGTON STREET, LEEDS**

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**Present:**

Roger Marsh OBE (Chair)	Leeds City Region Enterprise Partnership
Andy Clayton	Department for Work and Pensions
Councillor Tim Swift	Calderdale Council (to minute 49)
Councillor Susan Hinchcliffe	Bradford Council (to minute 49)

**In attendance:**

Mark Dalton	Mazars
David Brown	Leeds City Council (minute 43 only)
Bhupinder Chana	Leeds City Council (minute 43 only)
Angela Taylor	West Yorkshire Combined Authority
Russell Gott	West Yorkshire Combined Authority
Rebecca Brookes	West Yorkshire Combined Authority (from minute 46)
Ruth Chaplin	West Yorkshire Combined Authority

**39. Apologies for Absence**

Apologies for absence were received from Councillor A Carter.

**40. Declarations of Disclosable Pecuniary Interests**

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

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

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

**42. Minutes of the Meeting of the Governance and Audit Committee held on 25 January 2018**

**Resolved:** That the minutes of the meeting held on 25 January 2018 be approved.

### **43. Treasury Management**

The Committee considered a report which provided Members with information on the treasury management arrangements in place for the West Yorkshire Combined Authority.

The Combined Authority's treasury management is undertaken jointly by Combined Authority and Leeds City Council officers, under the terms of a Service Level Agreement (SLA) and the meeting was attended by Bhupinder Chana and David Brown from Leeds City Council. They provided an overview and answered questions in respect of the Combined Authority's treasury management including underlying risks, the measures in place to manage the risks and the role of the Governance and Audit Committee in monitoring these arrangements.

The Committee discussed their responsibility for considering treasury management arrangements including the adequacy of treasury management policies and practices and the need to ensure compliance with statutory guidance. Members considered it would be beneficial to receive information, advice and guidance on treasury management procedures including the Service Level Agreement (SLA), the strategy for borrowing and investment and the impact of new regulations.

It was noted that the Governance & Audit Committee also had the responsibility of approving the Annual Accounts which would include information on treasury performance.

The Committee thanked officers for their informative presentation and Members would be provided with the further information requested. A further report addressing the aspects set out above would be prepared for the next meeting and officers from Leeds City Council invited to attend.

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

### **44. External Audit**

The Committee considered a report which provided information on matters relating to external audit and set out the conclusion on audit fees for 2018/19 from Public Sector Audit Appointments Limited (PSAA).

Members were advised that following the outcome of the consultation which had taken place, confirmation had now been received from the PSSA that the audit fee for 2018/19 had been reduced from £33,720 to £25,964. The meeting was attended by Mark Dalton from Mazars who confirmed and reassured the Committee that this would not compromise the completeness and quality of their audit.

It was reported that Mazars had undertaken its interim audit and Members discussed and noted the audit strategy memorandum for the 2017/18 year end audit which was attached at Appendix 1.

The Committee thanked Mark Dalton for attending the meeting and presenting the report.

**Resolved:**

- (i) That the outcome of the audit fee consultation for 2018/19 be noted.
- (ii) That the audit strategy memorandum from Mazars be noted.

**45. Strategic Internal Audit Plan**

The Committee considered a report which:

- Sought approval of the strategic internal audit plan commencing on 1 April 2018.
- Provided options and evaluated the benefits and weaknesses of models for the provision of internal audit within West Yorkshire Combined Authority.

Members welcomed the strategic internal audit plan which had been developed following the last meeting and had taken into account the comments from the Committee to produce a three year strategic plan.

The Committee discussed the delivery of the internal audit function and considered a range of models which were outlined in the submitted report. It was requested that further information including a more detailed options analysis on the proposals including comparative costs be provided at the next meeting.

**Resolved:**

- (i) That the strategic internal audit plan be approved.
- (ii) That further information and an options analysis for the future delivery of internal audit be provided at the next meeting.

**46. Internal Audit Progress Report**

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

Members discussed the three audit actions which were classified as high priority and are now overdue. It was requested that officers provide further information concerning the implementation of actions to address these matters if they remain incomplete at the next meeting. They highlighted the need for officers to agree implementation dates and that failure to do so could result in action from the Committee.

The Committee welcomed the internal audit dashboard which was attached at Appendix 1 and a copy of the full audit report on risk management would be circulated to Members.

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

#### **47. Internal Controls & Financial Monitoring**

The Committee considered a report which:

- Provided information on the operation of, and changes to, internal controls since the last meeting of the Committee.
- Provided information on the current financial position.

It was reported that there had been no significant changes to internal controls in the period and no reportable (RIDDOR) accidents in the period 1 April 2017 to 28 February 2018.

In respect of financial monitoring, Members noted the original budget and forecast for 2017/18 and the budget for 2018/19 which had been approved by the Combined Authority on 1 February 2018, a summary of which was attached at Appendix 1. It was proposed that future financial performance reports be presented in the subjective format provided in the summary table at Appendix 2 which also included a revised forecast for 2017/18.

Members noted that the overall forecast position as at 31 March 2018 is a deficit of £2.5m which is to be funded by general reserves. This was a £1m improvement against the original forecast for this year.

Details of the budget approved in respect of capital funding and expenditure were provided in the submitted report.

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

#### **48. 2017/18 Annual Accounts Year End**

The Committee considered a report which provided an update on the year end procedures for the 2017/18 annual accounts.

It was noted that work was underway to consider the changes and updates required to the Annual Governance Statement. This will form part of the annual accounts and a copy of the 2016/17 Annual Governance Statement was attached at Appendix 1 for information. Members considered the possible changes and updates required which were outlined in the submitted report. The final version will form part of the 2017/18 annual accounts which will be brought to the July 2018 meeting for approval. It was suggested that for completeness a report also be prepared for the Combined Authority for their information.

**Resolved:** That the key changes to be included in the 2017/18 Annual Governance Statement be noted.

#### **49. Standards in Public Life on Local Government Ethical Standards - Consultation**

The Committee considered a report which provided information on a consultation exercise being carried out by the Committee on Standards in Public Life.

It was reported that a review of local government ethical standards was being undertaken by the Committee on Standards in Public Life and a public stakeholder consultation was being held as part of the review.

Members considered the background information provided at Appendix 2 to the submitted report and it was agreed that no response would be made to the consultation.

**Resolved:** That the report be noted and no response made to the consultation.

**Councillors Hinchcliffe and Swift had to leave and the meeting became inquorate. The following remaining items were for noting only.**

**50. Corporate Risk Register**

A review of the corporate risk management arrangements has been undertaken and a revised corporate risk management strategy developed. The corporate risk register had also been updated and a risk workshop held with the Combined Authority on 1 February 2018.

**51. General Data Protection Regulation Progress**

The approach the Combined Authority has developed to ensure compliance and readiness prior to implementation on 25 May 2018 was outlined together with the risk areas identified. A progress report would be considered by the Combined Authority on 10 May 2018 and a copy of the report, together with a RAG rating, will be circulated to the Committee in advance highlighting any concerns.