

**MINUTES OF THE MEETING OF THE  
GOVERNANCE AND AUDIT COMMITTEE  
HELD ON THURSDAY, 25 JANUARY 2018 AT COMMITTEE ROOM A,  
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

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**Present:**

Roger Marsh OBE (Chair)  
Councillor Andrew Carter CBE  
Andy Clayton  
Councillor Imran Khan

Leeds City Region Enterprise Partnership  
Leeds City Council (from minute 29)  
Department for Work and Pensions  
Bradford Council

**In attendance:**

Mark Kirkham  
Angela Taylor  
Caroline Allen

Russell Gott  
Rachel Jones

Ruth Chaplin

Mazars Auditors  
West Yorkshire Combined Authority  
West Yorkshire Combined Authority  
(minute 37 only)  
West Yorkshire Combined Authority  
West Yorkshire Combined Authority  
(minute 35 only)  
West Yorkshire Combined Authority

**25. Apologies for Absence**

Apologies for absence were received from Councillor S Hinchcliffe.

**26. Declarations of Disclosable Pecuniary Interests**

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

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

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

**28. Minutes of the Meeting of the Governance and Audit Committee held on 28 November 2017**

**Resolved:** That the minutes of the meeting held on 28 November 2017 be approved.

## **29. Internal Audit Strategy/Emerging Internal Audit Plan**

The Committee considered a report which provided an update on the development of the Strategic Internal Audit Plan.

Members noted the approach and elements which had been taken into account during the development of the draft 3 year plan which was attached at Appendix 1. They welcomed the document which provided greater flexibility and was based on audit knowledge and a review of business planning to date. The resourcing of the Internal Audit section was discussed and the Committee asked that an analysis of the staffing requirements and options be undertaken.

It was proposed that the plan would be reviewed annually to consider changes in organisational risk and assurance requirements and the draft plan would be brought to the next meeting.

### **Resolved:**

- (i) That the change in approach to the development of a strategic audit plan be noted.
- (ii) That the emerging internal audit plan be brought to the next meeting of the Committee.
- (iii) That options for the future delivery of internal audit be explored.

## **30. Revised Internal Audit Plan 2017/18**

The Committee considered a report on:

- The actions required to enable the delivery of the Internal Audit Plan for 2017/18.
- The resourcing requirements for the completion of the Internal Audit Plan 2017/18.

Members discussed the progress made to date in completing reviews within the Plan and the resourcing issues within the Internal Audit team. They expressed concern regarding the impact the level of resourcing could have on delivering the Plan and the Committee wished to ensure that the fullest possible level of assurance be provided for 2017/18. It was agreed that the Chair would formally notify WYCA's Chair and Managing Director of their wishes and therefore the need to increase resourcing.

**Resolved:** That the revisions to the Internal Audit Plan and the impact this will have on the level of assurance this provides in 2018/19 be noted.

## **31. Internal Audit Progress Report**

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

Members discussed the report and dashboard table attached at Appendix 1 and it was suggested that it would be helpful to link the dashboard with strategic risk. In respect of risk, Councillor Carter commented that WYCA should be mindful of the involvement of Carillion's involvement in the contract for the second phase of the City Cycle Ambition Grant.

The Committee noted the details of the activities undertaken by the Internal Audit Section in the period from 1 October 2017 to 31 December 2017. These provided information on the delivery of the 2017/18 Audit Plan, audit opinions on completed reviews, summaries of any significant issues identified and the status of high priority recommendations which have not been fully implemented.

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

### **32. External Audit Report**

The Committee considered a report which set out information on external audit matters.

Members discussed the report which set out the proposals for audit fees for 2018/19 and were given the opportunity to ask questions and raise any issues with Mark Kirkham, from Mazars, who attended the meeting. It was noted that members had highlighted some concerns regarding the 23% fall in audit fees and they were assured that WYCA would receive the same level of service and that the quality of work would not deteriorate. It was suggested that it might be beneficial to arrange a workshop for members to provide a better understanding of the external audit environment and any key issues.

**Resolved:** That the update report from Mazars and the audit fee consultation be noted.

### **33. 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.

#### Internal Control Environment

It was noted that key controls within the Finance, Concessions and Integrated Ticketing teams were operating correctly and monthly reconciliations were up to date. Regular governance meetings continued to be held with Leeds City Council (LCC) who carry out many of the day to day operations under a Service Level Agreement. Members were advised that the indicator relating to proportion of fixed term debt remained out of tolerance due to high cash balances and low short term borrowing. However the reasons for this were understood and no corrective action was

required. Current prudential arrangements will be reconfirmed as part of the budget report to WYCA on 1 February 2018.

In respect of internal financial control, the Committee was made aware of a recent incident at Wellington House which was being investigated by the Police and members would be kept informed.

#### Financial Monitoring

It was noted that the budget and business planning for 2018/19 would be considered by WYCA on 1 February 2018 and regular reports together with the key performance indicators identified in the business plan and changes to risk will be brought to the Committee and WYCA.

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

### **34. Business Planning & Budget 2018/19**

The Committee considered a report on the work underway to progress business and budget planning for 2018/19.

It was reported that a Budget Working Group had been established and original forecasts for both income and expenditure were further developed and refined. WYCA had considered a budget report on 14 December 2017 and a copy was attached at Appendix 1. The final budget report was to be considered by WYCA on 1 February 2018 using the figures in the attached appendix and further detail on the specific savings plans and any income generation opportunities. It would also provide further detail on the reserves policy, treasury management arrangements and three year capital programme.

In noting the report members asked that the schedule of meetings for 2018/19 allows sufficient time for the Committee to consider the proposed budget prior to submission to WYCA. Members were advised that regular reporting against the approved budget would be provided to the Committee and WYCA.

**Resolved:** That the position with regard to business planning and budgets be noted.

### **35. Assurance Framework - Annual Review**

The Committee considered a report which provided an update on progress relating to changes proposed to the Leeds City Region Assurance Framework arising from its annual review, and with the recently issued review of Local Enterprise Partnership Governance & Transparency (October 2017).

It was noted that the LEP has secured Growth Deal funding and WYCA, as the accountable body, had to ensure there are robust, transparent and accountable processes in place to support the budgets and programmes for the LEP and WYCA.

The Assurance Framework had to be updated annually and published on the Local Enterprise Partnership's website. The Committee discussed the latest draft which was attached at Appendix 1. They were advised that the Overview & Scrutiny Committee's SEP Delivery Working Group had discussed this at their recent meeting and offered a level of challenge to the approach taken and they were content with the current progress. Further scrutiny sessions would be arranged to ensure it remains fit for purpose as this was a 'live' document.

It was noted that the changes to the LCR LEP's governance arrangements which were approved on 16 January 2018 had been reflected in the document. The draft Assurance Framework had also been discussed by the LEP Board and Overview & Scrutiny Committee and was to be considered by WYCA on 1 February 2018.

Members discussed how the Assurance Process had been amended to capture and measure the benefits/outcomes of projects and it was suggested that the Committee consider some projects from the 2018/19 programme.

The Committee thanked officers for undertaking the comprehensive review of the Assurance Framework.

**Resolved:** That the Governance & Audit Committee note that the Leeds City Region Assurance Framework is being revised for the reasons set out in the submitted report.

### **36. Risk Register**

The Committee considered a report which provided an update on the work being undertaken to finalise the Corporate Risk Management Strategy and the current position in respect of Corporate Risk issues.

Members discussed the latest version of the corporate risk register which was attached at Appendix 1 and noted the work being done to review and enhance the existing risk management arrangements for WYCA. Whilst acknowledging that the register was an internal WYCA document, it was suggested that consideration should be given to extending it for strategic risks across all the districts with WYCA as the overarching body.

It was noted that a risk workshop was also being held for WYCA members on 1 February 2018. The risk register will be updated to reflect the outcome of this and as part of the business planning and would be brought to future meetings of the Committee.

**Resolved:** That the report and Corporate Risk Register be noted.

### **37. General Data Protection Regulation - Update**

The Committee considered a report which provided an update on the approach that WYCA has developed, to ensure compliance and readiness prior to the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018.

Members discussed the progress to date and requested an update with a guide to key changes, checklist of actions and RAG rating indicating progress be prepared for the next meeting in March and for WYCA in May.

#### **Resolved:**

- (i) That the approach that WYCA has developed, to ensure compliance and readiness prior to the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018 be noted.
- (ii) That a progress report be prepared for the next meeting of the Governance & Audit Committee and WYCA in May 2018

### **38. Forward Programme of Work**

The Committee considered the proposed work programme for the coming year and the following items would be added:

- Strategic Internal Audit Plan including an analysis of options for resourcing the Internal Audit section – 29 March 2018.
- General Data Protection Regulation Update – 29 March 2018.

It was noted that the programme was flexible and could be amended as necessary.

**Resolved:** That the work programme for 2018/19 be noted.