



Audit & Governance Committee

Friday 8 March 2024

Venue:	Civic Suite, Pathfinder House, Huntingdon PE29 3TN	
Time:	10.00 to 12.39pm.	
Present:	Cllr C Christy Cllr A Coles Cllr S Corney Cllr S Smith Cllr Mark Inskip Cllr G Wilson Mr John Pye	Fenland District Council Peterborough City Council Huntingdonshire District Council Cambridge City Council East Cambs District Council Cambridgeshire County Council Independent Person and Chair
Officers in attendance	Rob Emery Angela Probert Reena Roojam Edwina Adefehinti Nathan Bunting Dan Harris Janet Dawson Dan Cooke Janet Warren Anne Gardiner	Assistant Director Finance Interim Programme Director – Transformation Head of Legal & Deputy Monitoring Officer Interim Head of Legal, Governance & Monitoring Officer Project Manager Internal Auditor (RSM) External Auditor (EY) External Auditor (EY) AEB Commissioner Governance Manager

Minutes:

1	Apologies for Absence and Declarations of Interest
1.1	Apologies were received from Cllr Harvey.
1.2	No disclosable interests were declared.
2	Chair's Announcements
2.1	The Chair put on record his thanks to Nick Bell who would be retiring at the end of this municipal year – his work and his strong contribution to the CPCA improvement journey had been incredibly valuable to the Committee.
2.2	The Chair advised he would be reordering the publicised agenda and would be taking items 12 & 13 before items 10 & 11 to help officers availability due to a clash with another meeting.
3	Minutes
3.1	The minutes of the meeting held on 26 th January 2024 were approved as a correct record subject to the following amendment: 1) Cllr Corney was not in attendance at the meeting as the minutes currently stated.
3.2	The action log was noted.
4	External Audit
4.1	The Committee received the report from the External Auditors (EA) which provided their annual report for consideration. The Committee also received a report on the CPCA response to the

	DLUHC consultation on the audit backlog.
4.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • In response to a question about the number of journal reviews the CPCA was undertaking, the EA advised that this was a pattern that was being seen across many local authorities. They felt that the response provided by the CPCA was reasonable. • In response to a question about the increase in the fees for 21/22, the Committee were advised that the whistleblowing incident and pervasive errors within the accounts had led to a more extensive examination across the organisation; that work would be submitted to ASAP as evidence. Officers advised that they were in discussions with the EA and the PSAA and would come back to the Committee with details of the final fees: the CPCA had expected that the fees would be higher. • In response to a question about manual entries and the impact on staff time, the Committee were advised that there were fewer than the year before; a control had been put in place to ensure transactions went through an accountable payable process which set the coding – this was a control process suggested by the EA. • In response to a question about whether the value for money (VFM) assessment had resulted in a qualified opinion, the EA advised that the National Audit Office had moved away from requiring local auditors provide a qualified or unqualified opinion on VFM; instead, the auditors report by exception – the EA had reported exceptions on the VFM and therefore they would say it would have been a qualified opinion prior to the change in practice. • In regard to the audit backlog and where they'll be for 22/23 audit, the EA advised that the consultation on the removal of the backlog of audits was now open. The audit for 22/23 had not been undertaken, and the intention was to wait until the consultation had been finalised.. It was very unlikely that the 22/23 would be completed before the backlog cut-off date. The likelihood was that the EA would move directly to the 23/24 audit, to allow Officers to focus on closing down and getting back into the cycle. • A VFM statement would need to be provided for the 22/23 accounts – the EA advised that this work had been completed and a report should be provided to Officers by the end of March. The Chair requested that the report be brought to the Committee's June meeting. • The EA and Officers assured the Committee that the removal of the audit of the 22/23 accounts due to the backlog would be communicated to all stakeholders. The messaging would make clear that this was a Local Government-wide situation in England and that the CPCA had met its obligations. The 23/24 accounts would not be impacted by not having an opening position from the 22/23 accounts; discussion on the detail of this were ongoing.
4.3	<p>The Committee RESOLVED</p> <ol style="list-style-type: none"> a) To note the External Auditors Annual report. b) to note the response to the DLUHC consultation on addressing the Local Audit backlog in England.
4.4	<p>ACTION</p> <ol style="list-style-type: none"> 1) The VFM report for the 22/23 accounts would be added to the Committee's work programme for June.
5	Improvement Framework Report
5.1	The Committee received the Report which provided an opportunity to review the proposed close down of activity across the phase 2 improvement plan, which addressed the key areas of concern identified by the EA's letters dated June 2022 and February 2023, and the Department for Levelling

	<p>up, Housing and Communities (DLUHC) in its Best Value Notices dated January 2023 and January 2024. The Report also outlined the proposed approach to the development of the phase 3 improvement plan to be submitted to the CA Board on 20 March 2024</p>
<p>5.2</p>	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • Work of the improvement plan was an ongoing activity; there had been a workshop on the strategic ambition for the Region which formed part of phase three of the improvement work. The updated plan would need to be approved by the CA Board at the end of March. • Lessons learned and culture change for Officers was ongoing and reflected the governance arrangements now in place which were providing helpful evidence and assurances. • In response to a question about how the CPCA could ensure that information from lessons learned were being continuously used rather than just documented, Officers advised that the internal auditors had reviewed the first phase of the improvement plan to make sure that changes had been made. In addition, the Improvement Group met twice a month to focus on what still needed to be improved; Officers would bring back the outcomes from the next improvement group meeting. • In response to a question about the Board embedding the changes required by the Best Value Notice, the Committee were advised that there were discussions ongoing with the LGA to support the cultural change required. At the Independent Improvement Board meeting, the key focus of the discussions was around what could be done to support the change needed: the Improvement Board Chair had been clear that the focus needed to remain on the strategic ambitions and to be mindful of the needs of the whole region, regardless of whether all the CA Board members were engaged. • The Chair suggested that the A&G Committee's Annual report was an opportunity to raise this Committee's opinions to the CA Board about behaviors and requested that Cllr Smith provided some wording to be included in the annual report. • The Committee acknowledged there had been a lot of progress on the improvement plan but that the Board's behaviour was pivotal in ensuring the Best Value Notice was lifted. • The Committee requested that the CPCA's lead for embedding culture be invited to the next A&G meeting to brief on the methodology being used. • In response to a question about actions being downgraded if they have been moved to a directorate, Officers advised that the focus was on demonstrating evidence on the actions required by the Best Value Notice; however this did not mean that other areas would be forgotten – these would still be reported to external stakeholders and the Committee could request any actions be put back into the improvement plan if they felt it was required. • The Committee requested whether it would be possible for the A&G Chair to attend an Independent Improvement Board meeting in the future as they felt this would be very beneficial – Officers advised that the Chair had met with an IIB member but would look into whether attending a future meeting was possible.
<p>5.3</p>	<p>The Committee RESOLVED:-</p> <ol style="list-style-type: none"> a) Note the identified areas of ongoing concern set out in the Best Value Notice received in January 2024 attached as Appendix 1. b) Note the close down of activity in the current improvement plan (phase 2). c) Note the approach to finalise the phase 3 improvement plan to reflect the ongoing concerns set out in the Best Value Notice received in January 2024 to be submitted to the CA Board on 20 March 2024 for agreement.

	d) Note the draft revised terms of reference for the Independent Improvement Board going forward, to reflect the delivery of stated areas of improvement identified by the Best Value Notice received in January 2024.
5.4	ACTION <ol style="list-style-type: none"> 1) Officer to bring the outcomes from the next Improvement Group meeting to next meeting. 2) Wording to be added to the A&G annual report to reflect the Committee's view on the CA Board and the actions required following the Best Value Notice. 3) The lead for the culture work stream be invited to the next meeting. 4) The Chair to attend an Improvement Board Meeting
6	Corporate Risk Register
6.1	The Committee received the report which provided the Corporate Risk Register, dashboard and heat map for consideration.
6.2	The following points were raised during the discussion:- <ul style="list-style-type: none"> • In response to a question about the Cyber risk, Officers advised that the impact had been increased due to the wording provided by UK PLC which had shown the how devastating the effect could be on an organisation. The likelihood had remained the same. • Risk 5 regarding culture may need to be re-examined as it currently implied that no further action was planned to reach the target risk score. • The Committee requested that the lead officer for culture should provide the next meeting insight into the aspirations of a medium risk; and the philosophy behind accepting a target where a risk remained medium. • Officers welcomed the Committee's views on what criteria should be used to decide what risks should be considered for future deep dives; however, any risk that fell above the risk appetite agreed by the CA Board could be reported to the Committee for review.
6.3	The Committee RESOLVED:- <ol style="list-style-type: none"> a) To note the February 2024 Corporate Risk Report including the Register, Dashboard and Heat Map in Appendix 1-3. b) To note the update on progress of the Risk Software implementation c) To note the plan for risk deep dives
6.4	ACTION <ol style="list-style-type: none"> 1) Lead officer for the culture work stream to include views on medium risks when reporting to the Committee in June.
7	Internal Audit – Progress Report
7.1	The Committee received the Internal Auditor progress report for 23/24.
7.2	The following points were raised during the discussion:- <ul style="list-style-type: none"> • The Internal Audit year-end opinion was waiting for final reviews to be completed and should be in a position to report to the June Committee meeting. • The Business Continuity review would be a future looking piece, as historically the CA had not provided frontline services to the public. However, the organisation wanted to review this as they may wish to take on more in the future and be aware of risks that may exist. • Officers agreed to bring some assurance on the current business continuity for the organisation to the June meeting, which would include actions from the audit report. • In response to a question on what interim cyber security measures were in place for the organisation, the Committee were advised that the CPCA was robust due to its IT being cloud based; and any disaster relating to the offices would have little impact as all staff could

	<p>also work from home effectively. Backups restore tests were done every 3-6 months and regular disaster recovery planning was carried out.</p> <ul style="list-style-type: none"> Members queried the positive response from the IT officer given the audit opinion that had been provided. They were advised that the audit had struggled to receive the evidence in time and the findings had to be based on old documentation; the auditor recognised that things may have moved on since the evidence was provided. The actions from this audit focused on the need to document which the team were working on. The Internal Auditors opinion may be available by the end of May and should be included in the Committees Annual report before it is presented to the CA Board in June.
7.3	<p>The Committee RESOLVED:-</p> <p>a) To note the report.</p>
7.4	<p>ACTION</p> <ol style="list-style-type: none"> 1) Include the Internal Auditors opinion in the Annual report, noting whether it was a negative opinion for the third year. 2) The team to bring some assurance on the current business continuity for the organisation to the June meeting, which would include actions from the audit report.
8	Internal Audit Plan 24/25
8.1	The Committee received the report which provided the draft internal audit plan for 24/25
8.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> In response to a question about how the Internal Auditor would make a judgement on the culture of an organisation, the Committee were advised that RSM did have a culture toolkit which had been developed by HR/Governance consultants and those colleagues could be brought into the programme. There were methods and tools that could be adopted to help further embed culture and this could come out as an action from the review. The review on the improvement plan would need careful consideration and may require the use of wider specialists from RSM and would require a broad range of staff to help inform the audit. The Chair advised that it may be of benefit to have the Internal Audit' culture review further down the pipeline and a review should be given more prominence within the internal audit plan.
8.3	<p>The Committee RESOLVED:-</p> <ol style="list-style-type: none"> a) To note the internal auditors plan. b) To monitor progress with the Internal Audit culture review.
9	Adult Education Budget Update
9.1	The Committee received the report which provided an update about the Funding Assurance Audits for 22/23 and any key issues and outlined improvements identified as a result of the audit.
9.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> In response to a question about provider 6, the Committee were advised that the testing for provider 6 hadn't been a full audit; there had been an issue in 21/22 so a retest was done to get a better representation of whether something was systemic. The further testing showed no errors and confirmed testing from 21/22 academic year. Structural changes were put in place and previous concerns had been relayed there were no concerns going forward.

	<ul style="list-style-type: none"> • In response to a question about sample size, the advice was that all in sample were low error rate and providers had an opportunity to have an assurance visit • Officers advised that the rules to apply for funding were reviewed on a regular basis to ensure they were easy to understand. • All audits of the providers were planned and if anything was found as part of an audit then the CPCA would work with that provider to support and solve the issues identified.
9.3	<p>The Committee RESOLVED:-</p> <ul style="list-style-type: none"> a) To note the Audit results for 2022/23 b) Note the Audit approach for 2023/24
	<p style="text-align: center;">~</p> <p style="text-align: center;">The Committee agreed to move items 12 & 13 up the agenda so that items 10 and 11 could be discussed at the end of the meeting.</p> <p style="text-align: center;">~</p>
12.	A&G Committee Draft Annual Report
12.1	The Committee received the report which requested feedback from members prior to the annual report being submitted to the CA Board on the 5 th June.
12.2	<p>The following points were raised during the discussion:-</p> <ul style="list-style-type: none"> • Correct the number of meetings listed. • Remove political representation and include constituent council representation and add a line to reflect that the Committee was politically balanced. • Include a section on the behavioural concerns.
12.3	<p>The Committee RESOLVED:-</p> <ul style="list-style-type: none"> a) That they were content for the Chair to work with the Vice Chair and Officers to revise the annual report to reflect the points raised in discussion. The Final version would be shared with members before submission to the CA Board for its June AGM..
13.	Audit & Governance Work Programme
13.1	The Committee received the report which provided the draft work programme for the municipal year 24/25.
13.3	<p>The Committee RESOLVED:</p> <ul style="list-style-type: none"> a) To note the draft work programme for the Audit and Governance Committee for the 2023/24 municipal year attached at Appendix 1
13.4	<p>ACTION</p> <ul style="list-style-type: none"> 1) Dates of meetings and proposed development dates be circulated to members.
10.	Constitution Review – Changes to Code of Conduct & review of Committees Terms of Reference
10.1	The Committee received the report which asked the Committee to consider whether any changes to its terms of reference were necessary. Changes to the hearings process were required and the Committee was if they wished to adopt the Model Code of Conduct
10.2	The following points were raised during the discussion:-

	<ul style="list-style-type: none"> • Members noted that by adopting the Model Code of Conduct that this would provide consistency across the constituent areas and make it easier for members of the public to understand. • The Members noted that not all other combined authorities had adopted the model code of conduct but many were in the process of doing so.
10.3	<p>The Committee reviewed some suggestions put forward by a CA Board member:</p> <p>In response to the suggestion that a review by the A&G Committee of the written apology sent to those involved, the Committee agreed that this did not fall within the A&G remit as they were concerned that an apology was given, not with what it contained.</p> <p>In response to the suggestion that the Mayor apologise to the constituent authorities, the Committee agreed that this was not a sanction imposed by the Hearing Panel.</p> <p>In response to the suggestion that a full review of how the Whistle-blowing Policy and the Code of Conduct interacted, the Committee asked that the Monitoring Officer bring a report setting out interplay and time lines of the two processes and the extent to which they could be implemented simultaneously. This should be brought to the Committee after the model code of conduct had been adopted into the Constitution.</p> <p>The Committee considered the suggestion that there should be a full review of safeguarding practice and training at constituent authorities. The Committee felt the topic was outside their remit, but they asked Officers to work with the internal auditors with a view to including safeguarding as a possible addition to a future internal audit plan.</p>
10.4	<p>The Committee discussed the action outstanding from the A&G Sub Committee which recommended that the committee review the sanctions available to them within the Code of Conduct. The committee agreed to report back to the CA Board that they accepted that legislation prescribes what they were able to do and that the hearing panel took a pragmatic approach within that guidance.</p> <p>The Committee did not feel it would be helpful to write to government regarding the limitations on sanctions.</p> <p>The Monitoring Officer agreed to share the wording to be sent to the CA Board with the Chair.</p>
10.5	<p>The Committee RESOLVED:-</p> <ol style="list-style-type: none"> a) The committee considered the Terms of Reference and determined there was no need for any changes. b) The Committee recommend to the Combined Authority Board that the Local Government Model Code of Conduct be adopted in full along with the associated guidance on the Model Code of Conduct. c) The committee agreed that the associated guidance on complaint handling should be adopted in full. d) The Committee considered the comments received from a CA Board member and resolved to: <ol style="list-style-type: none"> (i) Receive a report on whistleblowing and code of conduct process brought to the A&G meeting in December following the adoption of the model code of conduct. (ii) Request that officers work with the internal auditors to review safeguarding as a possible addition to the internal audit plan and report back to the committee. e) Request that the Monitoring Officer write to the CA Board on behalf of committee in agreement with the Chair on the Committees view on the sanctions available to the hearing panel.
10.6	<p>ACTION</p> <ol style="list-style-type: none"> 1) Report on whistleblowing and code of conduct process brought to the A&G meeting in December following the adoption of the model code of conduct.

	<p>2) Officer work with the internal auditors to review safeguarding as a possible addition to the internal audit plan and report back to the committee.</p> <p>3) Monitoring Officer to write to the CA Board on behalf of committee in agreement with the Chair on the Committees view on the sanctions available to the hearing panel.</p>
11.	Shareholder Board Update
11.1	The Committee received the report which provided an update on the shareholder board.
11.2	<p>The following points were raised during the discussion:-</p> <p>Members raised the point that there was no mention of observers from the A&G Committee included in the terms of reference for the new investment committee. The Monitoring Officer agreed to take a report to the Board with this amendment.</p>
11.3	<p>The Committee RESOLVED:-</p> <p>a) To note the report.</p>
11.4	<p>ACTION</p> <p>1) Monitoring Officer to take a report to Board to suggest that A&G members could attend the Investment Committee as observers as had been the case with the Shareholder Board.</p>
14.	Date of Next Meeting
14.1	Thursday 20th June at 10am at CPCA Meeting Room, Pathfinder House, Huntingdonshire District Council

Chair