



## **North East Combined Authority, Governance Committee**

12 September 2017

(2.05 - 3.35 pm)

Meeting held Durham County Council, County Hall, Durham DH1 5UL

### **Present:**

Independent Members: M Scrimshaw (Chair) G Clark (Vice Chair)

Councillors: M Talbot (Newcastle), M Swinburn (Northumberland) and H Trueman (Sunderland)

### **11 CHAIRS ANNOUNCEMENTS**

The Chair welcomed Peter Judge, the newly appointed NECA Monitoring Officer to his first meeting, explaining that he was replacing Viv Geary in this role.

The Chair thanked Viv for all her effort and hard work over the past few years, particularly the guidance and support she had given to him and the Vice Chair. Everything she had done was exemplary and she would be missed. On behalf of the committee, he extended best wishes. In responding, Viv thanked the Chair for his kind words, pointing out that she had enjoyed working for the Combined Authority but had only been able to do what she had because of the support of a lot of officers.

The Chair announced that the meeting was inquorate; however, stated that he intended to go through the business on the agenda. He referred to Accounts 2017 presentation slides, which had been provided, suggesting that as not all members were present at the meeting, the accounts briefing session would be deferred and held prior to the next meeting scheduled for December 2017.

### **12 APOLOGIES FOR ABSENCE**

Apologies for absence were received from G Clark (Vice Chair), S Gardner (Independent Person) and Councillors E Bell (Durham), G Hobson (South Tyneside), H Haran (Gateshead).

### **13 DECLARATIONS OF INTEREST**

None

14 **MINUTES OF PREVIOUS MEETING HELD ON 4 JULY 2017**

**RECOMMENDATION** – The Minutes of the previous meeting be received and be ratified at the next scheduled meeting 5 December 2017.

15 **INTERNAL AUDIT PROGRESS REPORT 2017/18**

Submitted: Report by Audit, Risk and Insurance Service Manager (previously circulated and attached to official minutes), which provided Members with an update on progress against the delivery of the 2017/18 internal audit plan and information on the implementation of audit recommendations.

P Slater introduced the report. In responding to a query raised by the Chair, he confirmed that he did have sufficient capacity within his team and time to complete the audits and report their outcomes to the next meeting scheduled in December 2017.

**RECOMMENDED** - That the report be noted.

16 **ANNUAL GOVERNANCE STATEMENT**

Submitted: Report by Audit, Risk and Insurance Manager (previously circulated and a copy attached to official minutes), which provided members with the final 2016/17 Annual Governance Statement for their review and approval for inclusion in the annual accounts.

P Slater introduced the report, confirming the minor changes requested at the previous meeting had all been done.

The Chair requested that the Leadership Board be advised that the content had been considered in detail by the committee over the past couple of meetings.

**RECOMMENDED** – That Annual Governance Statement attached at Appendix 1 of the report was considered in detail and it was noted that it would be included in the annual accounts and would signed by the Chair of the Authority and Head of Paid Service.

17 **EXTERNAL AUDIT COMPLETION REPORT - YEAR ENDED 31 MARCH 2017**

Submitted: Report by External Auditor MAZARS LLP (previously circulated and a copy attached to official minute), which set out the findings of the audits of the NECA for the year ended 31 March 2017, and would formed the basis for discussion at the Leadership Board meeting on 19 September 2017.

C Waddell introduced the report. During discussions the following points were made:

- A comment was raised on there being no reference made in the report to the fact that the management team were appointed on an interim or temporary basis. The committee was advised that regular updates on the plans and responsibilities were reported. The risk was logged and monitored. At this

point, P Woods explained the historical background about the interim statutory officer appointments, confirming details of the current position. He also provided an update on the issues around the temporary appointment and arrangements for E Goodman, Senior Accountant, during her leave of absence, confirming that following recent interviews an appointment was pending. As a result of the legal requirements to close off the accounts earlier next year, support to that appointment, would be obtained through a junior member of staff being seconded.

- Clarification was sought around the wording in Appendix A – Summary of misstatements. It was confirmed that the wording would be amended to ensure clarity around there being no unadjusted misstatements 2016-17.

**RECOMMENDED** - That report be noted.

## 18 **STATEMENT OF ACCOUNTS 2016-17**

Submitted: Report by Chief Finance Officer (previously circulated and attached to official minutes), which presented the final, audited 2016/17 accounts for review by this committee. The 2016/17 audit programme was now largely complete and Mazars, the external auditor, expected to issue their opinion before the end of September. The NECA Leadership Board meeting scheduled on 19 September would receive the 2016/17 accounts for approval, taking into account any comments raised by this committee.

P Woods introduced the report, providing a detailed explanation of the key aspects. During discussion the following points were made:

- Reference was made to the comment about the largest area of capital expenditure being in relation to Transport and Digital Connectivity. Clarification was sought about the term 'digital connectivity'. It was agreed that the information reported to Leadership Board on the work and progress being made around digital connectivity would be consolidated and circulated to the committee.
- Clarification was provided about the reduction in metro patronage, with the possible reasons for the reduction being explained e.g. infrastructure renewal; metro reliability and aging fleet.
- Reference was made to conflicting figures included in the Chief Finance Officer's narrative report in relation to employment and skills. Clarification was also sought about the words used to describe the increase in rail passengers' journeys on local services. The Chief Finance Officer agreed to check the figures and ensure clarity was provided in the narrative of the report and at the Leadership Board that the increase in rail passengers' journeys on local services was 0.2million journeys.
- An explanation was provided about the initiatives used through soft loans on 'The Boiler Shop' and 'The Jesmond' projects.
- An update was provided on the current arrangements of development company, Arch.

**RECOMMENDED** - That the Statement of Accounts for 2016/17, including the amended accounting policies detailed in section 2.4 of the report and that it was to be presented to the Leadership Board for approval was noted.

19 **TREASURY MANAGEMENT 2017-18 MID-YEAR UPDATE**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which provided a summary of treasury management activity during 2017/18. The committee was advised that activity was in line with the original budget for the year and no changes to the strategy were proposed as part of this mid-year review.

**RECOMMENDED** - That the report be noted.

20 **DRAFT BUDGET 2018-19 - PROCESS AND TIMETABLE**

Submitted: Report by Chief Finance Officer (previously circulated and attached to official minutes), which set out the process and timetable for the preparation, consultation and approval of the 2018/19 budget and indicative medium term financial strategy, including consultation proposed with the committee.

P Woods introduced the report confirming that this committee would be included in the circulation of the Draft NECA Leadership Board Budget Report, which was timetabled for dispatched 14 November 2017.

**RECOMMENDED** - That the report be noted.

21 **STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which provided members with an update of the Strategic Risks and Opportunities for the NECA.

P Slater introduced the report and agreed to circulate the web link to the NE LEP Strategic Risks, stating that the link would be included in future reports.

**RECOMMENDED** - That the report be noted.

C Waddell, External Auditor left the meeting at 3.30pm

22 **CONSULTATION ON AUDITOR APPOINTMENT FROM 2018/19**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which updated the committee on the national scheme for auditor appointments administered by Public Sector Audit Appointments (PSAA). It was explained that PSAA proposed to appoint Mazars LLP as the auditor of NECA for a five year period from 2018/19. This was in line with outcome that NECA and the committee had been seeking.

**RECOMMENDED** - That the details on the appointment be noted.

23 **DATE AND TIME OF NEXT MEETING**

Tuesday 5 December 2017 at 2.00pm, Northumberland County Council

A brief discussion took place on the format of the December meeting. Agreement was reached that a briefing session should be held between 1.30pm – 2.00pm, prior to the commencement of the meeting which gave a quick summary of the deferred presentation on Accounts 2017 (presentation slides that were provided to be circulated) and on finance in general. It was also agreed that an item be included on the agenda to enable the committee to consider an alternative name for the NECA Governance Committee.

It was confirmed that notes taken at this meeting would be presented and ratified at the December meeting.