

## North East Combined Authority, Governance Committee

1 April 2016

(2.00 pm - 3.50 pm)

Meeting held Newcastle City Council, Committee Rooms, Civic Centre, Barras Bridge, Newcastle upon Tyne NE1 8QH

### Present:

Independent Chair            M Scrimshaw

Independent Vice Chair    G Clark

Councillors                    E Bell, A Dale, G Hobson, J O'Shea, M Talbot, H Trueman and  
S Gardner

### 35        **APOLOGIES FOR ABSENCE**

None.

Cllr Talbot was welcomed to the committee.

### 36        **DECLARATIONS OF INTEREST**

None.

### 37        **MINUTES OF PREVIOUS MEETING ON 11 SEPTEMBER 2015**

Committee discussed the need to distinguish in the minutes between matters discussed that are the responsibility of the LEP and those of the combined authority.

P Woods highlighted that the item 14 related to the external audit of the combined authority, who was the accountable body for the LEP. As such LEP transactions, discussed at item 15, would feature in the combined authority accounts.

### **RESOLVED:**

- i) That the minutes of the meeting be agreed as a correct record, subject to the following amendments, and then be signed by the Chair:
  - Item 14: "Clarification was provided on the grant and loan criteria of the LEP..."
  - Item 15: "The loan and grant amounts administered by the LEP were..."
- ii) A distinction to be provided in future minutes between items that are the responsibility of the LEP and those of the combined authority.

### 38 **MINUTES OF PREVIOUS MEETING ON 11 DECEMBER 2015 - INQUORATE MEETING**

Committee discussed the potential for the committee to participate in a self-assessment on the committee's effectiveness and its Terms of Reference, taking into account the committee's recent audit focus; and that additional training may be required as a result.

It was confirmed that officers do produce an action list, to manage requests by the committee.

#### **RESOLVED – That:**

- i) The minutes of the meeting be agreed as a correct record and be signed by the Chair.
- ii) In respect of minute 23, a copy of the joint representation to DCLG to be circulated to the committee.
- iii) In respect of minute 24, a copy of the Gifts and Hospitality Form be sent to Cllr O'Shea and to be sent out for all future NECA meetings.
- iv) In respect of minute 25, committee to meet 30 minutes prior to the next scheduled meeting, to discuss LEP loan and grant criteria, as requested at the last meeting.
- v) In respect of minute 26, officers to confirm if the suggested inclusion of Durham and Northumberland's transport audit extracts in future reports, has been taken forward.
- vi) In respect of minute 28, a copy of the non-confidential government settlement to be circulated to committee.

### 39 **ACCOUNTING POLICIES UPDATE 2015/16**

Submitted: Report by the Chief Finance Officer (previously circulated and a copy attached to the official records), which provided members with details of the accounting policies that would be applied in the preparation of the Statement of Accounts for 2015/16.

In discussion, the committee highlighted:

- The need for transparency and for committee to have assurance from the LEP in relation to their governance arrangements. H Golightly be invited to attend the next meeting to discuss this further.

The external auditor confirmed that their handover had included a detailed review of the previous audit report and actions that have been taken. P Slater confirmed that an annual governance statement and self-assessment is provided by the LEP and an audit review of partnerships is scheduled for 2016/17. P Woods confirmed that the LEP had made recent changes to contribute to transparency of decision making, which included publishing non-confidential reports.

- Concern about meeting the revised deadlines for the 2015/16 accounts.

Assurance was given that actions had been put in place to ensure the deadlines would be achieved. However, challenges remain in respect of information provided by other parties ie banks, pension trust. Committee suggested that a letter be sent to the pension administrator to confirm the deadline.

P Woods highlighted that there would be further changes for the 2016/17 accounts and potential changes to the NECA's role in relation to new financial instruments, and offered to provide an outline of these at the next meeting.

- Concern about how the risks associated with the devolution agreement were being examined.

It was confirmed that risks were currently being worked through and that the risk register would need to be updated to include these risks and the wider risks of devolution, linked to potential new services and functions. A revised risk register could be provided to the next meeting along with details of recent format changes.

- That the committee may wish to review how it can respond more quickly and proactively to reflect external changes.

V Geary would liaise with the Chair should an additional meeting be required before the next meeting in July.

**RESOLVED** – that:

- i) The recommendations in the report be agreed.
- ii) H Golightly be invited to attend the next meeting to discuss LEP operating practices.
- iii) Details of further accounting changes for 2016/17 to be provided at the next meeting.
- iv) Details of the NECA role re: future financial instruments to be provided at the next meeting.
- v) Revised risk register to be provided to the next meeting, highlighting format changes.
- vi) V Geary to liaise with the Chair of the committee, should an additional meeting be required before the next scheduled meeting in July.

40 **EXTERNAL AUDIT PROGRESS UPDATE**

Submitted: report by the External Auditor (previously circulated and a copy attached to the official records), which set out the proposed audit plan in respect of the financial statements of the combined authority for the year ending March 2016.

In presentation, the External Auditor drew attention to: the key stages of external audit; external experts; and the significant risks and key judgement areas, as set out in the report; and the qualifications required by individual auditors.

In relation to cash handling at Tyne Tunnel tolls, which had been previously discussed by committee, it was confirmed that the External Auditor and an internal audit review had not identified any gaps in control.

**RESOLVED** – That the report be received and noted.

#### 41 **INTERNAL AUDIT PROGRESS REPORT**

Submitted: report by the Audit, Risk and Insurance Service Manager, Newcastle City Council (previously circulated and a copy attached to the official record), which provided: a progress update against the 2015/16 internal audit plan; information on the implementation of audit recommendations; and draft Internal Audit Plan for 2016/17 to 2018/19.

In discussion, committee highlighted:

- In light of recent changes, it would be helpful if committee could have up to date information on the current NECA structure.
- In respect of audits completed, committee agreed that it needed to see details of the recommendations from each audit, if they had been accepted and the date agreed for completion.
- Queries in relation to the Information Governance audit findings and staff training in this area.

It was confirmed that the issue was lack of assurance, rather than an issue of training within constituent authorities not taking place.

- Concerns that the contract between TT2 and Newcastle City Council, in respect of cash collection could not be provided for the audit, although procedural guidance had been in place.

P Slater agreed to provide an update on this at the next meeting.

- Taking into account earlier committee comments seeking LEP assurance, it was proposed that the scope of the internal audit proposed for the LEP included a review of the process, governance and transparency.

P Slater confirmed that the proposed partnership audit in 2016/17 could consider some aspects of this. P Woods proposed to source additional resource that could bring forward the LEP audit into 2016/17.

- Concern about risks as a result of Quality Contract proposals not progressing, including concessionary travel and the proposed Buses Bill. It was agreed that assurance from Nexus should be sought and the matter be added to the risk register for the July scheduled meeting with a report to be received at the September committee meeting.

**RESOLVED** – That:

- i) That the report be received and the recommendations agreed, subject to amendments discussed.
- ii) An organisational chart for NECA to be circulated to committee.
- iii) In future, committee to be provided with details of audit report recommendations, if they have been accepted and agreed dates for completion.
- iv) An update to be provided at the next meeting on the cash collection audit and the outstanding contract between TT2 and Newcastle City Council.
- v) Scope of the proposed LEP audit in 2017/18 to be amended to include process, governance and transparency; and be brought forward to 2016/17.
- vi) Nexus to be consulted on the risks associated with the impact of not proceeding with the Quality Contract proposals and this matter to be added to the risk register for the July scheduled meeting. Committee to receive an update report at the September scheduled meeting.

#### 42 **ANNUAL GOVERNANCE STATEMENT**

Submitted: report by the Audit, Risk and Insurance Service Manager, Newcastle City Council (previously circulated and a copy attached to the official record), which provided an outline of the framework for production of the 2015/16 Annual Governance Statement.

In discussion P Slater confirmed that partners will be required to complete a detailed form on governance arrangements and agreed to re-circulate the list of key partnerships to committee.

**RESOLVED** – That the report be received and the recommendations be agreed.

#### 43 **DATE AND TIME OF NEXT MEETING**

Tuesday 5 July, 2:00pm at North Tyneside Council.