

**SHEFFIELD CITY REGION COMBINED AUTHORITY**

**AUDIT COMMITTEE**

**MINUTES OF THE MEETING HELD ON 25 JANUARY 2018**

PRESENT:

Councillor Karl Reid, Bolsover DC (Chair)

Councillor Chris Furness, Derbyshire Dales  
Councillor George Lindars-Hammond, Sheffield CC  
Councillor Mark Rayner, Chesterfield BC  
Councillor Austen White, Doncaster MBC  
Councillor Ken Wyatt, Rotherham MBC

Matthew Ackroyd, KPMG  
Ruth Adams, SCR Exec Team  
Claire James, SCR Executive Team  
Martin McCarthy, South Yorkshire Joint Authorities  
Mike Thomas, SCC / SCR Exec Team  
Craig Tyler, South Yorkshire Joint Authorities  
Eugene Walker, S73 Officer  
Rob Winter, Internal Audit

Apologies for absence were received from Councillors D Challinor, A Cowles, N Gibson, W Johnson, A Jones, S Mohammed and G Morley

1 WELCOME AND APOLOGIES

Members' apologies were noted as above.

2 VOTING RIGHTS FOR NON-CONSTITUENT MEMBERS

It was confirmed there were no agenda items for which Non-constituent Members should not have full voting rights.

3 URGENT ITEMS / ANNOUNCEMENTS

None.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF PUBLIC AND PRESS

None.

5 DECLARATIONS OF INTEREST BY ANY MEMBERS

None noted.

6 REPORTS FROM AND QUESTIONS BY MEMBERS

None received.

7 QUESTIONS FROM MEMBERS OF THE PUBLIC

None received.

8 MINUTES OF THE PREVIOUS MEETING HELD ON 26TH OCTOBER 2017

RESOLVED, that the minutes of the meeting of the SCR Audit Committee held on 26<sup>th</sup> October 2017 are agreed to be an accurate record.

9 ANNUAL GOVERNANCE REVIEW

A report was received to propose the SCR Annual Governance Review Process for 17/18 and to provide an update on progress against the Governance Improvement Plan described in the 16/17 Annual Governance Statement.

Members were asked to recognise the review will be taking place against the back drop of what remains a dynamic environment, with an expected change to Mayoral Combined Authority coming soon and the requirement to take account of governance changes prescribed by the Mary Ney report into LEP governance.

Members were advised the SCR Executive Team has commissioned Deloittes to undertake a full review of the efficiency and effectiveness of the whole SCR 'group' (i.e. inclusive of SYPTTE activity).

It was confirmed the draft Annual Governance Statement would be presented to the Audit Committee for comment and challenge prior to its presentation to the Combined Authority.

Regarding progress made against the 2016/17 Governance Improvement Plan, Members were asked to note progress made in respect of assuring financial governance, information governance and asset management.

RESOLVED, that the Audit Committee approves the proposed Annual Governance Review Process and notes progress against the Governance Improvement Plan 16/17.

10 INTERNAL AUDIT PROGRESS REPORT

A report was received to inform Members of the Internal Audit work completed and in progress from 7th October 2017 to 7th January 2018, the position with regard to the implementation of recommendations, about planned audit work and the performance of the Team.

Members were advised that as per their direction received at the last meeting, an additional annex had been included in the report to list the current status of all outstanding recommendations.

Members were advised additional updates could be provided in relation to the outstanding recommendations on request.

It was noted a total of 95 days of planned work have been delivered to date and this is in accordance with the agreed schedule of work.

Members were advised 2 pieces of work had been completed since the last report; Programme and Performance Management (completed 14<sup>th</sup> November) and Growth Hub (completed 29<sup>th</sup> November), the assurance opinion of both being 'substantial'. It was noted a further 5 projects were planned (information governance, purchase ledgers, sales ledgers, main accounting and client liaison) and the findings of these would inform the Annual Report.

Members were advised of the opportunity to provide input into matters to be considered a part of the 2018/19 Audit Plan and asked to send suggestions to R Winter by mid-March.

Cllr Wyatt asked for clarity regarding 'day to day procurement' responsibility. R Adams confirmed SCR procurement is managed by Sheffield CC Finance Team officers (who are embedded within the SCR Executive Team) and SYTPE have their own procurement regime. It was also noted the Deloitte Review (referenced at agenda item 9) has considered the merits of a single, centralised procurement function, the findings of which will be brought to a future meeting.

Regarding the procurement exercise testing, undertaken as part of the Growth Hub audit, Cllr Furness questioned why 6 quotes had been sought for goods with a value of less than £2.5k. R Adams noted it is standard practice to attain 3 quotes but on this occasion the requirement was exceeded to 'test the market' as the subject matter was new to the SCR.

Cllr Furness asked if the new SCR website would be up and running by the expected date. R Adams confirmed it would, noting there have been some minor issues resolved and some further development work to be undertaken. It was noted the government is expected to review LEP websites at some stage to assess compliance with transparency expectations.

Cllr Furness asked whether there were discrepancies with the figures quoted in the activity reports. It was confirmed these are correct and in certain tables only equate to work undertaken in the reporting period.

Cllr Lindars-Hammond asked what review procedures are in place to ensure the new website continues to meet its required standards. R Adams noted all requirements have been referenced in the draft revised publications scheme. This includes guidance around the required timescales for publishing agenda packs and draft minutes of meetings. Update requirements will therefore be actively managed.

It was further noted the government are making 'lack of transparency' a reason for withholding grant.

RESOLVED, that the Audit Committee:

1. Notes the contents of the report.
2. Notes the opportunity to contribute potential areas for Internal Audit coverage as part of the development of the 2018/19 audit plan.

#### 11 TREASURY MANAGEMENT STRATEGY

Members were advised the original intention was to present the mid-year Treasury Report to the meeting. It was noted, however, that timescales have prevented this.

As the final report is due to be received by the Combined Authority on 9<sup>th</sup> March (together with the Combined Authority Revenue Budget and updated Treasury Management Strategy), this will be circulated to Members ahead of the Combined Authority meeting.

#### 12 RISK MANAGEMENT UPDATE

A report was received to provide an update on the progress of the various risk management actions plans and to present new risk management action plans for Compliance and Organisational Performance & Viability.

Members requested sight of all the updated risk management plans at the next meeting.

Cllr Furness asked what progress was being made against the risk of Audit and Scrutiny Committee meetings failing to achieve revised quoracy thresholds. It was noted a number of initiatives are being progressed to help achieve the requirement of having two thirds members present. This includes a formal substitutes policy which will be presented to the Combined Authority for approval in due course and more direct engagement with local authority 'whips' regarding member non-attendance.

Cllr Lindars-Hammond asked where the risk of changes to governance being introduced as a consequence of the change to being a Mayoral Combined are listed. R Adams noted that whilst this matter is not explicitly listed as a risk on the risk register, there has been an election plan devised which in part summarises the risks associated with the election. It was confirmed this would be shared with Members.

RESOLVED, that the Audit Committee:

1. Notes the progress made against the Risk Management Action Plans previously received
2. Endorses the new Risk Management Action Plans provided

3. Notes the Risk Management Dashboard

13 REVISED WORKPLAN

The revised Committee work plan was provided for information.

Associated to and supportive of this Plan, it was noted the presentation of a Forward Plan of Key Decisions will be presented to the Combined Authority from the 9<sup>th</sup> March, and at all future meetings.

CHAIR