

Public Document Pack

SCR - AUDIT AND STANDARDS COMMITTEE

MINUTES OF THE MEETING HELD ON:

THURSDAY, 18 APRIL 2019 AT 11.00 AM

BARNSELY TOWN HALL, CHURCH STREET, BARNSELY,
S70 2TA



Present:

Councillor Chris Furness	Derbyshire Dales District Council
Councillor George Lindars-Hammond (Vice-Chair, in the Chair)	Sheffield City Council
Councillor Jeff Ennis	Barnsley Metropolitan Borough Council
Councillor Ken Richardson	Barnsley Metropolitan Borough Council
Councillor Ken Wyatt	Rotherham Metropolitan Borough Council
Councillor Richard Allan Jones	Doncaster Metropolitan Borough Council
Rhys Jarvis	Independent Member

Officers in Attendance:

Dr Ruth Adams	Deputy Managing Director	Sheffield City Region Combined Authority
Claire James	Senior Governance & Compliance Officer	Sheffield City Region
Martin McCarthy	Deputy Monitoring Officer	Sheffield City Region
Rob Winter	Internal Audit Manager	Barnsley MBC
Stephen Clark	External Auditor	
Tim Taylor	Director of Customer Services	SYPTE
Dan Spiller		External Auditors
Andrew Smith		Internal Auditors
Lisa Mackenzie		Internal Auditor
Andrew Shirt		JAGU

Apologies:

Councillor Karl Reid	Bolsover District Council
Councillor Allen Cowles	Rotherham Metropolitan Borough Council
Angela Marshall	Independent Member
Councillor Geoff Morley	North East Derbyshire District Council
Councillor Neale Gibson	Sheffield City Council

1. **Welcome and Apologies**

- 1.1 In the absence of the Chair and Vice-Chair, M McCarthy requested nominations for a Member of the Committee to Chair the meeting.

Councillor Lindars-Hammond was nominated and seconded and took the Chair.

Introductions were made and apologies for absence were noted as above.

Councillor Ennis commented that today's meeting was very close to the date of the local government elections. He requested that next year's April meeting be scheduled 3-4 weeks prior to the local government elections.

This request was acknowledged by officers.

2. **Voting Rights for Non-Constituent Members**

- 2.1 It was agreed there were no agenda items for which voting rights could not be conferred on the non-Constituent Members.

3. **Urgent Items/Announcements**

- 3.1 At this point in the meeting, Internal Audit colleagues from Barnsley MBC and Grant Thornton were asked to leave the meeting, for the following agenda item.

R Jarvis stated that he had concerns regarding the appointment process for the provision of Internal Audit services for the SCR Combined Authority and South Yorkshire PTE from 1st April 2019 to 31st March 2022.

R Adams acknowledged the concerns raised and replied that the appointment process had been undertaken in a fair and transparent process, in accordance with the SCR Combined Authority's Constitution.

Following discussion, the Committee requested that a report be presented at the June Audit and Standards Committee detailing the appointment process undertaken for the provision of Internal Audit Services for the SCR Combined Authority and South Yorkshire PTE.

Councillor Furness expressed his disappointment that today's meeting was not being webcast.

M McCarthy explained that the meeting room used for webcasting Authority meetings was currently being utilised by Barnsley MBC's Elections Team in preparation for the forthcoming local government elections in Barnsley.

It was noted that the next meeting of the Committee would be held at the SCR Offices at Broad Street West, Sheffield and webcast live.

4. **Items to be Considered in the Absence of Public and Press**

- 4.1 None.

5. **Declarations of Interest by any Members**

5.5 None received.

6. **Reports from and Questions by Members**

6.1 None received.

7. **Questions from Members of the Public**

7.1 None received.

8. **Minutes and Actions of the Previous Meeting held on 24th January 2019**

8.1 RESOLVED – That the minutes of the meeting of the SCR Audit and Standards Committee held on 24th January 2019 are agreed to be an accurate record of the meeting.

9. **Annual Governance Review Findings**

9.1 A report was received to provide the Committee with an update on the review of governance arrangements undertaken during 2018/19 and to note the priority actions arising from this review.

The report also presented a revised Code of Corporate Governance and the draft Annual Governance Statement (AGS) for 2018/19.

Members noted that, during February and March, the SCR's Governance Team had worked with the Executive Team to conduct an assessment of compliance with the SCR's Code of Corporate Governance, to gain assurance of the effectiveness of current arrangements and to identify any opportunities for improvement. The outputs from the Annual Governance Review process would assist in the preparation of the AGS.

There had been continued focus on strengthening governance arrangements and embedding procedures during the year. Significant developments in relation to the SCR's governance during 2018/19 were summarised within the report for Members' information.

Councillor Jones asked if Internal Audit conducted any work in relation to the findings from the SCR's review.

R Winter replied that Internal Audit had overseen and shadowed the review undertaken by the SCR's Governance Team. He provided the Committee with assurances that governance arrangements were well embedded in the organisation. Additionally, there was a robust system in place for reviewing the governance arrangements which could be relied upon.

Councillor Furness asked several questions in relation to LEP governance and the issue regarding Derbyshire Dales being in an "overlap" with D2N2 and Sheffield City Region.

R Adams provided detailed answers to Councillor Furness' questions.

The draft Annual Governance Statement for 2018/19 was noted by Members.

In response to a question from Councillor Richardson, it was confirmed that the draft AGS would be presented at the June meeting, with a final version submitted to the July meeting with the accounts.

To reflect the increasing maturity of the organisation, a number of additional commitments had been added to the Code of Corporate Governance and were summarised within the report for Members' information.

RESOLVED - That the Committee notes the governance review activity that has taken place during 2018/19, approves the revised Code of Corporate Governance and notes the draft Annual Governance Statement 2018/19.

10. **Review of Risk Management Arrangements**

10.1 Members were presented with a report providing the reviewed Risk Management Policy and Risk Management Process.

It was noted that no substantive changes had been made to the Risk Management Policy. Key areas of change to the Risk Process were summarised within the report and noted by Members.

Members were informed that the Risk Management Policy and Risk Management Process would be reviewed on an annual basis however, further to the development and approval of a refreshed Strategic Economic Plan and a Local Industrial Strategy, it was highlighted that the Policy and Process may require a mid-year review. In addition, as the new Thematic Boards become established reporting and escalation routes may also need to be revisited.

In response to a question from R Jarvis, R Adams provided the Committee with an overview on the work that had been undertaken by the SCR to identify the possible impacts of Brexit on the City Region and how the SCR would mitigate these risks by assisting businesses with preparations for leaving the EU.

Councillor Jones stated that a report on the potential effects of Brexit on the SCR had been presented at the SCR Overview and Scrutiny Committee held on 11th April 2019. It was agreed that a copy of the report be circulated to all Members of the Audit and Standards Committee for information. **ACTION: C James**

RESOLVED - That the Committee endorses the revised Risk Policy and the Risk Management Process for recommendation to the Mayoral Combined Authority.

11. **Risk Management Monitoring**

11.1 A report was presented to ensure the Audit and Standards Committee has appropriate oversight of MCA strategic risk management arrangements.

RESOLVED – That the Committee considered the progress updates against risk management actions scheduled for quarter four.

12. **Internal Audit Progress Report**

12.1 A report was received to inform the Committee of the Internal Audit work completed and in progress from 1st January to 31st March 2019, the position with regard to the implementation of recommendations, about planned audit work and the performance of the Internal Audit Team.

As at 31st March 2019 (financial year end), a total of 305 days had been delivered and a request had been made to management for an accrual for 5 days to be made to enable the Procurement Review to be completed during April 2019.

There were no significant control or compliance issues to bring to the Committee's attention at this time.

Members noted the recommendations which were currently outstanding.

Members thanked R Winter and Barnsley MBC's Internal Audit Team for all their hard work over the last five years.

RESOLVED – That the contents of the report are noted.

13. **External Audit Plan**

13.1 S Clark presented Ernst and Young's External Audit Plan 2018/19.

The report provided Members with an overview of the 2018/19 audit strategy, significant audit risks, and value for money risks, audit materiality, the scope of the audit and the planned timing of the audits.

Members noted that Ernst and Young's audit fee for 2018/19 would be £57,027.

RESOLVED – That Members considered the External Audit Plans and fees for 2018/19.

14. **Revised Assurance Framework**

14.1 A report was received to remind Members that each year the Sheffield City Region (SCR) is required to update its Assurance Framework to ensure that robust, transparent and effective governance arrangements are in place.

Following a review of the existing document in light of additional national guidance and through the evolution of arrangements in the City Region, a revised document had been produced and considered by the LEP and the Mayoral Combined Authority.

In response to a question from Councillor Furness, R Adams advised the

Committee that the membership of the Thematic Boards would be ratified at the SCR MCA Annual General meeting.

Councillor Furness stated that table 1 of paragraph 3.14 had omitted to detail that the Peak District National Park Authority had observer membership of the SCR MCA. **ACTION: R Adams to amend table 1 of paragraph 3.14 of the Assurance Framework.**

R Jarvis highlighted that paragraph 3.85 of the Assurance Framework had omitted to state that the membership of the Committee also consisted of two Independent Members. **ACTION: R Adams to amend paragraph 3.85 of the Assurance Framework.**

RESOLVED – That the Committee:-

1. Noted and considered the actions required to implement the updated Assurance Framework.

Agreed to discuss any on-going assurance in respect of the adherence to the Assurance Framework required, as part of the Audit and Standards Committee annual work plan.

15. **2018/19 Revised Workplan**

- 15.1 The Committee was presented with the revised SCR Audit and Standards Committee work plan for 2018/19.

It was noted that the work plan would be revised to identify that a report on the appointment process undertaken for the provision of Internal Audit Services for the SCR Combined Authority and South Yorkshire PTE would be presented at the June meeting of the Audit and Standards Committee. **ACTION: C James**

RESOLVED – That Members considered the revised work plan for 2018/19.