



## **Approved Minutes**

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

4 July 2017

(2.00 - 3.15 pm)

Meeting held Gateshead Council, Civic Centre, Regent Street, Gateshead NE8 1HH

#### **Present:**

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

Councillors: H Haran (Gateshead), B Kellet (Reserve, Durham), M Talbot (Newcastle), M Swinburn (Northumberland) and G Hobson (South Tyneside)

#### **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from E Bell (Durham), H Trueman (Sunderland) and S Gardner (Independent Person)

#### **2 DECLARATIONS OF INTEREST**

None

#### **3 MINUTES OF PREVIOUS MEETING HELD ON 4 APRIL 2017**

Clarification was sought on Minute 43 – Finance Update. P Woods explained that details of the governance of the Special Purpose Vehicle (SPV), would be attached to the Minutes of this meeting.

**RESOLVED** - That the Minutes of the previous meeting held on 4 April 2017 be agreed as a correct record, subject to the following amendment then the Minutes be signed by the Chair:

- G Clark (Vice Chair) be removed from the list of Councillors in attendance and be included in list of Independent Persons.

#### 4 **GOVERNANCE COMMITTEE SELF-ASSESSMENT FEEDBACK**

Submitted: Report by Mazars (External Auditor) (previously circulated and a copy attached to official minutes), which set out the findings of the survey, which gathered thoughts on how well the Governance Committee was performing and what improvements could be made. The Committee was advised that the overwhelming results were positive.

Reference was made to the possible need for additional members training in light of some of findings of the survey. The committee was advised that there was an induction session for new members scheduled in July and reminded about previous training/briefing sessions provided to this committee. It was suggested that any briefing notes and/or copies of presentations, originally provided to the committee could be re-circulated. In addition, a ½ hour training session should be organised by the relevant lead officers and included as the first item of each future meeting. Specific areas initially to be covered were highlighted as: the role and remit of the committee; internal audit; external audit and risks and opportunities etc.

**RESOLVED** – That the findings of the survey be received and noted.

#### 5 **2016-17 OUTTURN AND KEY FINANCIAL STATEMENTS**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which summarised the North East Combined Authority's financial results for 2016-17, presented the draft accounting statements and provided an overview of significant financial matters which occurred during the year.

During discussions, clarification was provided on the pension fund in relation to the impact of employee redundancies and adjustments in employer contributions; the capital expenditure of the Pedestrian Tyne Tunnel; the expenditure allocated for upskilling and the usable and reusable reserves. As a result of comments raised, P Woods advised that the report being prepared for the NECA Leadership Board would be strengthening. He also confirmed that an explanatory note would be included in the final accounts on the Pedestrian Tyne Tunnel capital expenditure and on the usable and unusable reserves. He offered the committee a brief training session on NECA Financial Accounts at the meeting scheduled in September 2017.

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

## 6 EXTERNAL AUDIT PROGRESS UPDATE

Submitted: Report by External Auditor (previously circulated and a copy attached to official minutes), which presented an update on their progress in delivering their responsibilities as external auditors and also information on key emerging national issues and development.

P Woods appraised the committee about the progress being made on the national procurement exercise for establishing future public sector audit appointments. He emphasised the importance of appointing a single external auditor to deal with both with the NECA and NEXUS financial accounts to achieve continuity, good value for money and ensure targets were met within the allocated timescales.

On providing some clarification about how the narrative was produced on the national publications and other updates and responding to queries raised, C Waddell, agreed to provide a briefing note at a future meeting on the potential challenges and risks associated with the '*scheme for 100% retention of business rates by local authorities*' and the impact as a result of it not being reflected in Queen's Speech.

Congratulations was passed onto the Finance Team, particularly E Goodman for the efforts in ensuring there were no significant deficiencies found in the internal controls.

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

## 7 DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17

Submitted: Report by Audit, Risk and Insurance Service Manager (previously circulated and a copy attached to official minutes), which provided details of the draft 2016-17 Annual Governance Statement for inclusion in the accounts.

Clarification was provided on the role of this committee in relation to any code of conduct issues that may arise.

In response to queries raised, P Woods agreed to circulate relevant papers, which provided updates on '*Transport for the North*', previously provided to TWSC and/or Leadership Board.

**RESOLVED** – That the Committee:

- (i) Agreed the draft 2016-17 Annual Governance Statement narrative after considering the evidence provided to supports its production.
- (ii) Acknowledged that the Statement would be subject to further review in September 2017, following the completion of the external audit of the accounts and before it was signed by the Head of Paid Service and Chair of the Combined Authority.

## 8 **INTERNAL AUDIT 2016/17 ANNUAL REPORT AND INTERNAL AUDIT PLAN 2017/18 TO 2018/19**

Submitted: Report by Audit, Risk and Insurance Service Manager (previously circulated and a copy attached to official minutes), which provided members with a summary of the outcomes from the delivery of the 2016-17 internal audit plan; information on the implementation of audit recommendations; an opinion on the effectiveness of NECA's control environment during 2016-17 as required by the Public Sector Internal Audit Standard (PSIAS) 2013 and a draft internal audit plan for 2017-18 – 2018-19.

C Waddell agreed to circulate the National briefing note on the changes to data protection as a result of the General Data Protection Regulation which takes effect in May 2018 to the committee; the Chair asking for a hard copy to be circulated to him.

**RESOLVED** – That the Committee:

- (i) Noted the internal audit activity undertaken during 2016-17.
- (ii) Considered the annual opinion of the Audit, Risk and Insurance Service Manager on NECA's control environment in 2016-17.
- (iii) Approved the 2017-18 and 2018-19 Internal Audit Plan.

## 9 **STRATEGIC RISK REGISTER AND OPPORTUNITIES REGISTER**

Submitted: Report by Audit, Risk and Insurance Service Manager (previously circulated and a copy attached to official minutes), which provided the committee with an update of the Strategic Risks and Opportunities for the NECA.

As a result of comments raised and ensuring clarification was provided, P Slater agreed to include a clearer statement on the risks associated with European Funding and to include web links to the NECA, LEP and NEXUS Risk Registers in future reports.

Reference was made to the progress being made to recruit additional support for E Goodman. P Woods provided an update on the progress, in addition to the progress being made on the succession planning for the NECA Strategic Officers.

**RESOLVED** – That the Committee:

- (i) Reviewed and challenged the outcomes of the strategic risk review.

- (ii) Acknowledged the strategic risk review by the Leadership Board and received an update; details of which was noted.

10 **DATE AND TIME OF NEXT MEETING**

Tuesday 12 September 2017, 2pm, Durham County Council

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(a)

(b)