

## North East Combined Authority, Governance Committee

4 April 2017

(2.00 - 3.05 pm)

Meeting held Sunderland Civic Centre, Burdon Rd, Sunderland SR2 7DN

### Present:

Independent Persons: M Scrimshaw (Chair), G Clark (Vice Chair)

Councillors: E Bell (Durham), G Hobson (South Tyneside) and H Trueman (Sunderland)

The Chair welcomed everyone to the meeting and advised the committee that the meeting was inquorate, with members and their reserves having submitted apologies.

### 38 APOLOGIES FOR ABSENCE

Apologies for absence were received from A Dale (Northumberland), H Haran (Gateshead), C Johnson (North Tyneside), M Talbot (Newcastle) and S Gardner (Independent Person).

### 39 DECLARATIONS OF INTEREST

None

### 40 MINUTES OF PREVIOUS MEETING HELD ON 6 DECEMBER 2017

**IT WAS AGREED** – That the Minutes of the previous meeting would be ratified at the next scheduled meeting.

### 41 FUTURE CHANGES TO THE GOVERNANCE COMMITTEE

Submitted: Report by Chief Monitoring Officer (previously circulated and a copy attached to official minutes), which advised the Governance Committee of the effect of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 (the "Order"). The Order required that the appointment of the Members to the Committee was on the political balance across the areas of the North East Combined Authority as a whole. The Order came into force on 8 May 2017.

V Geary introduced the report, highlighting that in order to ensure regional political balance the NECA would advise each Constituent Authority on the type of nomination to be submitted.

P Slater provided an update on the questions to be included in the Self-Assessment survey and advised the committee that there were now 11 questions, with one additional 'catch-all' question still to be included.

In discussion the following points were raised:

- In response to a query raised, V Geary explained that regional political balance would be calculated on a proportional basis and that the authorities with the largest proportion (not number) of opposition members would be asked to make those nominations.
- On a point of clarification, V Geary advised that only the NECA Overview and Scrutiny Committee would have the power to call in decisions of the NECA.

A further query was raised about the remit of the Governance Committee. V Geary advised members that the remit of the Committee was to oversee Audit and Standards. The Chair suggested that if there were any specific issues that members wanted to have a discussion about, they should request that the item be included on a future agenda and that the Monitoring Officer would clarify whether or not it fell within the remit of the Committee.

- The Chair thanked officers for their work on producing the Self-Assessment Survey questions, and suggested that the survey be circulated to committee members for completion and any additional issues addressed at a later date.

It was further suggested that officers who regularly attended meetings of the committee, and any new committee members appointed at the Annual Meeting in June 2017, should also be given the opportunity to respond and that an additional question should be added to differentiate between officer and members responses.

Officers agreed to circulate the Self-Assessment Guidance document and a link to the online survey to all Committee members and regular officers by the beginning of the following week, and to bring back a report on the outcome of the survey to the next scheduled meeting in July 2017.

**IT WAS AGREED** – That the information in the report be noted.

## 42 **ACCOUNTING POLICIES FOR 2016/17 ACCOUNTS AND CODE OF PRACTICE UPDATE**

Submitted: Report by Chief Finance Officer (previously circulated and copy attached to official minutes), which updated Governance Committee on the Authority's Accounting Policies to be applied in the preparation of the Statement of Accounts for 2016/17, and an update on changes to accounting and reporting standards and guidance, which may have an impact on the Authority's accounts this year and in future years.

E Goodman introduced the report and highlighted that there was to be a dry run of the revised deadlines for completion and sign off of audit and accounts in 2016/17.

During discussion the following points were raised:

- The committee noted that the timescale for approval of the draft accounts in 2018 could be challenging as it would require a meeting to take place in late May.

C Waddell advised members that there was no requirement for the committee to approve the draft accounts, and that an alternative approach would be to arrange an informal briefing session. The Chair expressed his thanks for the useful advice, but felt that the committee would prefer to meet formally and to have the opportunity to comment on the draft.

**IT WAS AGREED** – That the committee approved the use of the Accounting Policies presented in the preparation of the 2016-17 Statement of Accounts.

#### 43 **FINANCE UPDATE**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which updated on several financial matters which had been progressed since the last meeting of the Committee in December, including the decision taken around appointment of external auditors in future years; the revenue budget and capital programme agreed in January 2017; and other updates, including the establishment of 'The North East Fund'; the results of the Pension Triennial review; and an update on Enterprise Zones.

P Woods introduced the report, highlighting the key issues and concerns. During discussion the following points were raised:

- In response to a query about spending of Local Growth Fund money P Woods advised that the money not yet spent from the total amount available in 2016/17 had been earmarked for specific projects, but that those projects had slipped. He confirmed the resources were protected and that the money was likely to be spent in the next financial year.
- On a point of clarification, P Woods advised that NECA would not be the accountable body for 'The North East Fund' as it had been established as a Special Purpose Vehicle (SPV) with its own Board. Members requested that further details on the governance of the SPV be included in the minutes of the meeting.
- On a point of clarification, P Woods advised that employee contributions to the pension fund were governed by a national scheme and would continue as normal.

**IT WAS AGREED** – That the report be received and the information noted.

#### 44 **EXTERNAL AUDIT PROGRESS UPDATE**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes) presented the Audit Strategy Memorandum of the External Auditors to NECA, Mazars – attached at Appendix 1. This set out the audit plan in respect of the audit of NECA for the year ending 31 March 2017.

C Waddell, External Auditor, introduced the report explaining that the content was broadly the same as the previous year but that there had been some changes to the format to make it more reader friendly.

**IT WAS AGREED** – That the External Audit report be received and the information noted.

#### 45 **NORTH EAST LEP LOANS AND GRANTS**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which provided an update on the North East Investment Fund (NEIF) performance and the inclusion of new schemes in the NEIF programme during 2016/17. The update built upon the NEIF presentation to the July 2016 meeting of the Governance committee presented by the NECA Chief Finance Officer. The report also included information requested by the Committee regarding the Local Growth Fund programme, which began in 2015/16.

P Woods introduced the report, highlighting the key issues and concerns.

**IT WAS AGREED** – That the

- i. Report on LGF grant and BEIF loans be received and the information noted.
- ii. Progress being made in the delivery of the North East Investment Fund and Local Growth Fund and the current position of the programmes summarised in the report be noted.

#### 46 **INTERNAL AUDIT PROGRESS REPORT**

Submitted: Report by Audit, Risk and Insurance Manager (previously circulated and copy attached to official minutes), which provided members with progress against the delivery of the 2016/17 internal audit plan and sought agreement from the committee on an amendment to the 2016/17 audit plan and to note information on the implementation of audit recommendations.

P Slater introduced the report, highlighting the addition to the 2016/17 Audit Plan of an exercise to map where assurance sits across NECA with a report to be brought back to the July meeting on the outcome of the exercise. On a point of clarification, E Goodman advised that the formal SLAs were all expected to be in place within the following two weeks.

**IT WAS AGREED** – That the:

- i. Internal Audit activity report be received and the information noted.
- ii. Revision to the 2016-17 audit plan be agreed.

#### 47 **STRATEGIC RISKS AND OPPORTUNITIES REGISTER**

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

P Slater introduced the report and highlighted the changes from the previous version. On a point of clarification he advised that the downgrading of the risk round European Funding related to the status of the current fund, and not to arrangements post-Brexit.

**IT WAS AGREED** – That the:

- i. Risk and Opportunities register be received and the information be noted.
- ii. New risk which would monitor future effectiveness of the Authority if there was a change to its membership was acknowledged.
- iii. Risk priorities of the European Funding and Operational Capacity risks being reduced was acknowledged.

48 **DATE AND TIME OF NEXT MEETING**

The proposed dates for 2017-18, as follows were noted:

Tuesday 4 July 2017 – 2.00pm  
Tuesday 12 September 2017 – 2.00pm  
Tuesday 5 December 2017 – 2.00pm  
Tuesday 3 April 2018 – 2.00pm