

Coast to Capital

Meeting: Coast to Capital Audit Committee Meeting
Date: Wednesday 13 November 2019
Report Title: Matters Arising Schedule
Report by: Hazel Nicholmann
Item No: 1 b)
Part: A

Meeting Reference	Action	Lead	Status
1. June 2019 meeting: Item 2 – Finance/Accounts	Initiate a tender process to appoint Auditors for 2019/20.	CF	In progress. Three firms invited to November Audit Committee meeting. Recommendation to be made to January 2020 LEP Board on which firm to appoint.
2. June 2019 meeting: Item 3 a) Governance update	Updated Articles of Association to be approved by Board members by Special Resolution at its meeting in July.	HN	Completed. Board members signatures obtained as part of the Written Resolution process and approval by the Chair received. Filed with Companies House by DMH Stallard in August 2019 and updated Articles published on LEP website.
3. June 2019 meeting: Item 3 a) Governance Update	Andrew Swayne (as Independent Board member) to conduct short review of the Coast to Capital Conflicts of Interest Policy to ensure alignment with public and private best practice.	KN/AM	Completed. See Governance Update paper, Assurance Framework. Updated Conflicts policy document available in November Audit Committee papers.

Meeting Reference	Action	Lead	Status
4. June 2019 meeting: Item 3 a) Governance Update	Letter to be sent to Local Authorities to inform them that Coast to Capital would be happy to participate in any Local Authority overview and scrutiny committee (in the absence of the LEP forming a new Scrutiny Committee.)	JS	Completed. See Governance Update, Scrutiny of the November Committee papers.
5. June 2019 meeting: Item 3 a) Governance Update	Recommendations arising from the external review by BDO of the Growth Grants Programme for changes to be made within the Coast to Capital Anti-fraud and Anti-bribery Policy to align it with the Coast to Capital Whistleblowing Policy.	KN	Completed. Generic contact address updated to named contacts within the organisation. (Three names are listed.) Fraud policy also published on the website with the email addresses of the named contacts.
6. June 2019 meeting: Item 3 a) Governance update	LEPs that had achieved an 'exceptional' rating in Governance to be contacted to find out what steps they would be making to target a similar rating at the next Annual Review (given that the Nolan principles only provided for a minimum level of behaviour.)	JS	Coast to Capital will request to be matched with 'Exceptional' LEPs as part of the peer review process.
7. June 2019 meeting: Item 3 b) Audit Plan	BDO to undertake review of Coast to Capital internal risk management and controls to augment existing processes, including exploring options of new software. Audit Committee to specifically review any high risk LGF projects (reviewed by the Investment Committee as part of the	CG TM	Ongoing. See item 2 of the Agenda for the November Committee meeting. Noted by the Investment Committee; no referrals for the November Audit Committee meeting.

Meeting Reference	Action	Lead	Status
	existing process) where any internal control deficiencies are found following audit work.		
8. June 2019 meeting: Item 3 b) Audit Plan	<p>General guidance to be provided to Board and Committee members to promote best practice in relation to Data security/ handling confidential paperwork including shredding hard copy papers after meetings.</p> <p>Coast to Capital website to be updated as part of this project.</p>	HN	<p>Ongoing reminders issued to Board members as part of the Board meeting process on best practice, noting that not all documents are in the public domain.</p> <p>Increased take up of the existing Board portal has now lessened the reliance on printed paper copies.</p> <p>Recommendations for an enhanced online portal to support the operation of the Board and Committees sought in Survey which issued to Board members on 1 November.</p>
9. June 2019 meeting: Item 3 c) Accountable Body Update	Changes related to the Interim Head of Finance role.	KN	<p>CF to be replaced given her maternity leave from 1 December with a new interim Head of Finance</p> <p>Interviews took place in October. Successor to be appointed for the period until March 2021.</p>
10. June 2019 meeting: Item 4 - Risk Register	Phase out of previous Corporate Risk Register and introduction of new templates following the review by BDO.	CG	See item 2 of the November Audit Committee Agenda.
11. June 2019 meeting: Item 5 - Close	Review of membership of Coast to Capital sub-Committees given the number of new appointments.	KN	Updated TORs for Investment Committee membership to be tabled at its December 2019 meeting.

Coast to Capital

Audit Committee Meeting

Tuesday 18 June 2019

Regus Offices, Afon Building, Worthing Road, Horsham, RH12 1TL

Meeting Minutes

Committee Members:

Mike La Rooy (MLR) Chairman; Julie Kapsalis (JK); Rosaleen Liard (Board member) and Jonathan Sharrock (JS). Independent Members Chris Maidment (CM) and Andrew Swayne (AS).

Attendees:

Cath Goodall (CG) - Cities & Local Growth Unit, BEIS; Lisa Taylor, Croydon Council.

Knill James attendees: Mark Filsell (MF) - External Auditor; Nick Rawson (NR) - External Auditor.

Coast to Capital attendees: Carli Foster (CF) – Head of Finance; Anthony Middleton (ALRM); Hazel Nicholmann (HN) and Katie Nurcombe (KN).

1. Introduction

a) Welcome and apologies

Apologies were noted for Karen Hayes (Independent Member).

b) Minutes from last Meeting

Minutes of the November 2018 meeting were approved and the Matters Arising document was noted.

c) Declarations, Disclosures & Conflicts of Interest

MLR read out the Conflicts of Interest statement (see Annex A). JK and AS declared potential conflicts in relation to Chichester College Group and Ricardo respectively. It was confirmed that these would not be discussed at this meeting so there was no conflict to report.

2. Finance/Accounts

(This section has been redacted.)

NR confirmed that there was a clean Audit and updated the Committee on key findings from the accompanying Management Report.

RL joined the Meeting.

The Committee endorsed the draft financial statements for the Financial Year (FY) 2018/19 and noted that they would be included on the Chairman's Committee Agenda for 20 June and signed off by the Board at their July meeting.

Members were also content with the recommendation to initiate a tender process to appoint Auditors for 2019/20. Three firms would be selected to present at its November meeting. A recommendation would then be made to the subsequent LEP Board on which firm to appoint. The Committee warned against a simultaneous replacement of Audit Committee Chair (due to MLR's end of Board tenure) and Accountable Body, and instead recommended an alternate FY approach.

3. Governance

a) Update

The Committee noted the Governance update and the significant focus and progress in this area. Members noted that Coast to Capital had achieved a 'good' rating across Governance, Delivery and Strategy in its Annual Review with Government. Following the Review focus had been given to promoting diversity on the Board and across the organisation including appointing Julie Kapsalis as Diversity Champion and organising a 'Celebrating Women in Business' event in April.

The Coast to Capital Assurance Framework had been updated in line with the new National Assurance Framework and no compliance issues had been found following a compliance spot check by Government. Following the update to the Assurance Framework the Articles of Association had been updated by lawyers DMH Stallard and the Committee endorsed the draft Articles of Association which would be approved by the Board by Special Resolution at its meeting in July.

Andrew Swayne agreed to lead a short review of the Coast to Capital Conflicts of Interest Policy to ensure it is as effective as possible in line with public and private best practice.

It was noted that following feedback from the Board at its meeting in January and feedback from members of the Joint Committee Coast to Capital would not be progressing with setting up a new Scrutiny Committee; however, a letter would be sent to Local Authorities to let them know Coast to Capital would be happy to participate in any Local Authority overview and scrutiny committee.

The Committee noted that an external scrutiny review of the Growth Grants Programme took place in February by BDO and all comments on the operation of the

Programme had been accepted. One recommendation from the review was that Coast to Capital agreed an Anti-fraud and Anti-bribery Policy and a draft policy produced by BDO was agreed by the Committee subject to changing the generic contact address to two named contacts within the organisation in line with the Coast to Capital Whistleblowing Policy.

It was noted that the Nolan principles were well understood across the organisation; however, only provided for a minimum level of behaviour and as such it was agreed that the LEPs that had achieved an 'exceptional' rating in Governance would be contacted to establish what they had in place to identify actions to take to target a similar rating at the next Annual Review.

b) Audit Plan

The Committee approved the Audit Plan for 2019/20 as set out in the paper. The Committee agreed that as a priority BDO should undertake a review of the organisation's internal risk management and controls to help take the management of risk to a new level, with the possible options of adopting new processes including software.

The review would involve BDO working with Board members and other key individuals to determine Coast to Capital's risk appetite and the importance of understanding the organisation's particular risk appetite in relation to investments was highlighted. It was noted that it was also important to imbed a positive culture around risk following the review and that Cali Gasson, Investment Programme and Risk Manager, would be leading this work across the organisation.

A number of comments on the recommendation section of the Level 1 Audit Review of the Growth Grants Programme were made which would be updated accordingly. Members noted that Investment Committee reviewed the high risk Local Growth Fund (LGF) projects according to agreed processes; however, the Audit Committee should be reviewing projects where any internal control deficiencies are found following audit work. It was noted that Anna Meredith, Investments Audit and Compliance Officer, had the skills and experience to support corporate audit requirements in addition to her LGF role subject to capacity constraints.

Members noted the current position in relation to IT security and clarification would be given to the Committee in relation to whether point-in-time back-ups were taking place. Data security in relation to Board and Committee members was discussed and it was agreed that general guidance would be provided to Board and Committee members to promote best practice in relation to handling confidential paperwork including guidance around shredding hard copy papers after meetings. It was noted that the Coast to Capital website would be updated and as part of this project would include options for an enhanced online portal to support the operation of the Board and Committees.

c) Accountable Body Update

LT updated Members on the revised criteria following the national LEP Review which stipulated that all LEPs must have a single AB which also now must reside within the LEP's own footprint. Members noted that as Croydon Council is a member of the London LEP it would be unable to remain as the AB for Coast to Capital beyond the end of March 2021.

Members recognised the solid working relationships which the AB had built across Coast to Capital since it was appointed in October 2018; and strongly endorsed the work of CF as interim Head of Finance. Plans to recruit a permanent Head of Finance would now fall away, given that Croydon Council would no longer be permitted to act as the LEP's AB in the near future.

4. Risk Register

JS introduced version 11 of the Corporate Risk Register and summarised key developments. The Register also captured external issues, including recent Local Authority changes arising from the local elections in May. JS was concerned about the impact on local economies given Canon UK and Southern Water forthcoming business closures in Reigate and Worthing respectively. Members noted that the ongoing development of the Local Industrial Strategy would be instrumental in securing funding to sustain the LEP.

CG was keen to maintain a dialogue on economy/business drivers as well as development of an SME knowledge base.

The Risk Register template is expected to change once BDO's review of risk management is underway, as set out in item 3b) of the Audit Committee papers.

5. Close

JS updated Members on the recent recruitment campaigns for the Vice Chair and Board Director positions, which would bring about a number of new representatives at the July Board meeting. As a result of the changes a review of the membership of the respective Coast to Capital Committees would be taking place.

The next Audit Committee meeting would take place in the Board room at the LEP's new premises in Three Bridges on 13 November 2019. There was no further business.

ANNEX A

Declarations, Disclosures & Conflicts of Interest Statement

'Can I ask members now to declare any interest they may have and to say which item or part of an item on the agenda the interest relates to. If a member realises a need to make any declaration later on during the meeting they may do so. If any member requires any assistance on how their interest affects their contribution to the meeting we will deal with it as the item arises. Are there any declarations please?'

Agenda Item 1 c) Declarations, Disclosures & Conflicts of Interest Statement (for Chair)

'Can I ask members now to declare any interest they may have and to say which item or part of an item on the agenda the interest relates to. If a member realises a need to make any declaration later on during the meeting they may do so. If any member requires any assistance on how their interest affects their contribution to the meeting we will deal with it as the item arises. Are there any declarations please?'