

Coast to Capital

Audit Committee Meeting

Wednesday 13 November 2019: 10:00am - 12:30pm

Pacific House, Second Floor, Hazelwick Avenue, Three Bridges, Crawley, RH10 1EX

Meeting Minutes

Committee Members:

Mike La Rooy (MLR) - Chair; Independent Members: Karen Hayes (KH); Chris Maidment (CM) and Andrew Swayne (AS).

Attendees:

Jonathan Sharrock (JS) - Coast to Capital; Cath Goodall (CG) - Cities & Local Growth Unit, BEIS; Lisa Taylor (LT) - Croydon Council.

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

Guests:

For Corporate Risk Review: Bill Mitchell (BM) – BDO.

For Finance – Appointment of Auditors: Shona Wardrop and Leanne Chant representing Knill James; Richard Spofforth and Annabel Van de Wal representing Kreston Reeves; Melanie Richardson and Sally Webber representing Swindells.

1. Introduction

a) Welcome and apologies

Apologies were noted for Julie Kapsalis and Rosaleen Liard.

b) Minutes from last Meeting

Minutes of the June 2019 meeting were approved. The Matters Arising was noted.

c) Declarations, Disclosures & Conflicts of Interest

MLR read out the Conflicts of Interest statement at Annex A. AS and KH declared potential conflicts in relation to and Ricardo and Crawley College as recipients of Local Growth funding respectively. It was confirmed that these projects would not be discussed at this meeting so there were no conflicts to report. In addition, LT reported that Croydon Council's internal auditors were being used as part of the Audit Plan for 2019/20 under Agenda item 4b). However no action was required by way of conflicts for this meeting.

2. Corporate Risk Review

BM from BDO presented on this topic. BM explained that he had been working with Coast to Capital to review existing risk management processes and determine the level of a new risk appetite. Following the review BDO have produced a new Risk Policy which would update the LEP's current way of working in line with its changing operating environment.

The Committee reviewed the Policy as provided in the papers and highlighted in the presentation. Clear ownership of all risks together with new methods of recording and reporting these was welcomed by the Committee. Members recommended some changes to the 'Risk Appetite/Risk Category' table to make the definitions more explicit which would be taken forward. It was also agreed that risks with low probability/high impact should still be monitored, with those falling in the green category of the 'Heat Map' to be seen by the Audit Committee once a year.

BM reported that BDO are currently working through identifying risks and developing a new company and departmental risk registers, which would be implemented in early 2020. Members noted the importance of embedding a positive culture around risk and that Cali Gasson, Investment Programme and Risk Manager, would be leading this work across the organisation following a programme of training.

The Risk Policy would be submitted to the Board for approval its next meeting in January. An additional Audit Committee meeting would be held in the spring to agree the Risk documentation comprising a smaller group of attendees.

3. Finance – Appointment of Auditors (*Part B – this item will be published*)

The Audit Committee was required to select an Audit firm to recommend to the Board for appointment for the year ending 31 March 2020, for a period of 3 years. A formal tender process is taking place which was advertised on the Coast to Capital website and promoted through social media from 24 September to 11 October.

Three written proposals were received from Knill James (the LEP's current auditors); Kreston Reeves and Swindells. The proposals were reviewed by Mike Le Rooy, Lisa Taylor and Chris Maidment in advance of circulation to the Committee.

Each of the three firms showcased the services that they aimed to provide through a presentation pitched to Committee Members during the meeting. Members independently assessed the firms through a Scorecard against evaluation criteria.

The firm with the highest score would be endorsed at the upcoming January Board and would be appointed from the start of the new financial year.

4. Governance

a) Update

The Committee noted the Governance update and progress made in this area as defined in the papers. KN updated Members on the Mid-Year Review which was held in September, including Coast to Capital's status within the top 10 of LEPs on overall performance; with a classification of 'good' in all three areas of Governance, Delivery and Strategy. In addition the LEP had made a strong case on performance and confirmed that it would be targeting 'exceptional' ahead of the Annual Review in February 2020.

Given the expectation by Government for LEPs to undertake one peer review a year, Coast to Capital was part of the pilot programme and had gained valuable learning from its engagement with OxLEP. It hoped to be matched with an 'exceptional' LEP to maximise learn potential for future reviews.

KN updated the Committee on the proposed updates to the LEP Assurance Framework as outlined in the papers. The revised Framework was approved by the Committee and would next be passed to the Legal Team at the Accountable Body for final review ahead of sign off by the Board. New TORs for the Growing Places Fund and Investment Committees would be added in due course once they had been signed off by the relevant Committee.

A review of the Conflicts of Interest Policy led by Andrew Swayne with the support and advice of Anna Meredith (Investments Audit & Compliance Officer) was also approved by the Committee. The new Policy reflected best practice as identified by Government and aimed to include ways of working in a more streamlined way. The Financial Controls Policy was approved and the Anti-fraud and Anti-bribery Policy drafted by BDO was noted.

The LEP had written to Local Authorities across the region about possible participation in any Local Authority overview and scrutiny committee. JS indicated that an approach had been made by the new deputy Leader for Chichester District Council on this topic.

KN updated the Committee on the status of two live complaints which were being dealt with in line with the Complaints Policy.

b) Audit Plan

KN stated that in addition to the item on Risk referred to above, an agreed Audit Plan for 2019/20 would comprise:

- BDO to complete an audit and review on the LEP's internal risk management and controls as a priority;

- Croydon Council's internal auditors to complete audits on:
 - Payroll function and other finance systems
 - Accountable Body arrangements
- Audits on:
 - Employment legislation compliance
 - Value for money of our major procurement contracts
- Review of insurance cover by an industry expert.

It was noted that Anna Meredith, Investments Audit and Compliance Officer, was well placed to support the necessary corporate audit requirements in addition to her LGF role subject to capacity constraints. The audit would be conducted in quarter four, the scope of which would be circulated to Audit Committee for comment before the end of the calendar year.

KN updated Members on the extensive work that had taken place to update the Coast to Capital Team Manual with guidance from external HR consultants. The document would be fully implemented in December. In addition, an independent scrutiny review topic for 2020/21 would be identified through the LEP's new approach to risk management and informed through its enhanced audit processes.

c) Accountable Body Update

LT updated Members on her recent appointment as the S151 Officer for Croydon Council, a Post she had held on an interim basis since February 2019. A successor to Carli Foster was close to being identified through an external recruitment campaign. Tributes were paid to Carli for all of her efforts over the last year as interim Head of Finance.

The Committee discussed the provision of the Accountable Body (AB) service beyond the end of March 2021 when Croydon was no longer able to fulfil this due to Government geography requirements. The Committee expressed concern over the cost and disruption of procuring a new provider when a better outcome would be unlikely. CG was requested clarify the LEP's status as well as the process for retendering AB services. It was also agreed that the LEP should test the market with potential bidders through expressions of interest once the general election had taken place. The LEP would then follow up with MHCLG with findings and to further explore the option for continuing with Croydon as the AB for Coast to Capital beyond March 2021.

AOB

JS conveyed his warmest appreciation to MLR for his adept Chairmanship of the Audit Committee meetings as he steps down from Chair at the end of his tenure in January. A new Chair would be identified in due course.

Audit Committee meetings for 2020 would take place in the LEP Board room in Three Bridges on 24 June and 12 November, with an additional meeting in the spring on Risk. 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?'

Confirmed Minutes - approved at the Tuesday 21 April 2020 Audit Committee meeting.