

Coast to Capital

Audit Committee Meeting

Wednesday 24 June 2020: 2:30pm – 4:30pm

By Zoom Video Conference

Committee Members:

Amanda Jones - Chair (AJ); Julie Kapsalis (JK) and Jonathan Sharrock (JS).
Independent Members: Mike La Rooy (MLR); Karen Hayes (KH); Chris Maidment (CM) and Andrew Swayne (AS).

Attendees:

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

Coast to Capital: Kate Edwards (KE); Cali Gasson (Cali G) – for item 1; Anthony Middleton (ALRM); Anna Meredith (AM) – for item 4; Hazel Nicholmann (HN); and Katie Nurcombe (KN).

Kreston Reeves: Richard Spofforth (RS) and Anabelle Van Der Wal (AVDW) - for Item 3.

Apologies:

Rosaleen Liard (RL).

1. Introduction

a) Welcome and Apologies

AJ welcomed everyone to the Zoom meeting. RL had sent her apologies.

b) Conflicts of Interest

AJ read out the conflicts of interest statement (see Annex 1). As in previous meetings, JK, AS and KH confirmed that they were conflicted in relation to their own Local Growth Fund projects but as these were not to be discussed it was not considered a relevant conflict for the meeting.

No other conflicts were identified.

c) Minutes & Matters Arising

The Committee noted the Matters Arising document and approved the Minutes of the last meeting.

MLR joined the meeting.

AJ suggested an additional meeting early September as to progress additional business ahead of the scheduled November meeting.

2. Risk Management (*Part B – this item will be published*)

AJ said it was encouraging to see the pro-active approach which the LEP had adopted on risk. The proposed additional meeting in September would help further develop the external risk register.

Cali G explained that the implementation of the LEP risk policy was working well and that the Company Top Risks for June 2020 comprised the most recent findings. It was noted that the June log would be included as part of the July Board papers, and that the Board should be kept apprised on external risks at the opportune time.

There was a discussion surrounding the wording of the Brexit-related risk. JS clarified that its inclusion was intended to reflect the uncertainty of the operating environment both during the run-up and post transition. This risk would be transferred to the supplementary external risk log once developed.

Members noted that an SMT risk workshop had taken place recently for the purpose of identifying the types of external risks as well as opportunity risks within the LEP area. It was agreed that the long-list should be streamlined and key components identified. JS felt that the loss of major employers in the Coast to Capital area and the resultant unemployment levels would be higher than the national average and should therefore top the list.

It was agreed that care should be taken when defining content for the newly added 'Finance Statements' paragraph as part of Board/Committee papers to avoid ambiguity. The Committee also noted that the 'Risk Appetite' definition, as part of the LEP Risk Policy, would be reviewed at the additional Audit Committee meeting.

ALRM outlined the LEP's position surrounding the request from Government on bids for prospective capital funding projects for Local Authorities, which attracted a short deadline and subsequently had needed to be ranked. A core list was tabled which comprised circa £40 million and a response was expected early July.

JS reflected that Coast to Capital's profile remained strong, and potentially increased given its position as one of two LEP's with a seat at the Government's COVID Steering Committee, and the sole southern voice. This was welcomed by the Committee.

JK left the meeting. Cali G left the meeting.

3. Finance (*Part B - this item will be published*)

RS and AVDW joined the meeting.

JS stated that the reduction in bank interest rates would affect LEP revenue going forward. It was noted that risk mitigations should be captured if future losses to the business would be of significance.

KE gave an overview of the financial position as detailed in the statements for the year ended 31 March 2020. This included the re-allocation of £2 million for the LEP's new Backing Business Grants Fund for small businesses in the area which had been a great success.

RS presented on key audit findings for 2019-20 including 'Concluding Recommendations' from the Accounts Policies paper.

AJ fielded questions from the Committee. For transparency and completeness the following steps would be taken ahead of the July Board to ensure members had sufficient evidence to approve the Accounts:

- to address matters arising surrounding the proposed 'Letter of Representation' and 'going concern' which would be audited and reviewed by Kreston Reeves ahead of finalisation;
- to produce a revised Directors' Report and contingent liability note with balanced mitigating actions;
- to be decisive about the extent of disclosures; and to include provision for a statement covering income streams and associated risks;
- to agree by correspondence minor changes to the Draft Accounts concerning 'Incoming Resources' and 'Resources Expended' ahead of inclusion in the Board papers; and
- to attend to the small change needed against the Brighton i360 line (which did not affect the balance sheet).

JK re-joined the meeting.

The Committee also agreed to change the registered Office from its existing address in Lewes to that of the LEP's premises in Hazelwick Avenue, Crawley; and to consider a change in accounting platforms to adopt a more modern approach.

AJ conveyed her thanks to Kreston Reeves, KE and all those who had been involved with preparation of the accounts.

RS, AVDW and MLR left the meeting.

4. Governance (*Part B – this item will be published*)

AM joined the meeting.

KN outlined key Governance developments as set out in the papers.

The Committee noted the management response to the 2019/20 HR Working Practices Audit. An updated and more detailed management response would be shared with the Committee, following a recent Executive Committee meeting during which this was discussed. The 'Officevibe' survey platform would continue to be used to analyse workplace feedback. Senior management remained committed to promoting a positive culture across the LEP.

The Committee approved the Audit Plan for 2020/21 and recommended that GDPR and the Backing Business Grants Fund (BBGF) should be prioritised at an appropriate time. An initial Report had been produced following a short review of the BBGF in May and would be shared with Audit Committee for information. KN was satisfied that GDPR had become further embedded into the LEP, with the added support of data champions across the office. The Committee recommended that the timing might be revisited for the Procurement Audit, possibly deferring to the new financial year if necessary.

LT updated the Committee on the two Accountable Body led audits which were included in the Audit Plan 2020/21. The associated Payroll Function and Accountable Body reports were noted. LT was satisfied that they were conducted thoroughly and the outcome should provide the level of assurance required. Appreciation was conveyed to the LBC internal auditors who had carried out this work.

AM introduced the Audit Charter. Members agreed that the Charter was balanced against the size of the organisation; that the LEP should maintain focused on aspects where the risk was higher and to keep it under review.

AJ recommended that it would be prudent to seek a statement from the respective Chairs of the LEP sub-Committees on the status of any risks surrounding investment funds which should be implemented ahead of the November Committee meeting. Additionally, the Committee welcomed the proposal to prepare an annual audit progress report for senior management and the Board in line with Section 2060 of the IIA International Standards.

KN updated members on the procedures for appointing a new Accountable Body by April 2021, following two initial expressions of interests which had already been received from Local Authority partners in delivering this service. The project would get underway shortly and would include a handover period with the new authority. AJ, JS, CM and KH agreed to be members of the new sub-Committee of the Audit Committee to help with the process.

HN was currently investigating a recent complaint in line with the Complaints policy and the Virtual Meeting guidance was noted.

5. Close

Thanks were conveyed to all who had been involved in the various audits, the detailed preparation of the sets of papers as well as the handling of the virtual meeting. The next meeting was confirmed as in the diary for 12 November. The additional meeting would be scheduled in due course.

Annex 1

Declaration Statement:

Should any Member or employee consider themselves or another present to have a conflict of interest, this must be declared at this point. Should you become aware of an interest during the course of the meeting, this shall be declared at that point within the meeting. Any interests not already on the register need to be included in an updated register within 28 days of you becoming aware of the interest.

Unconfirmed minutes – subject to approval/amendment as necessary at the next Audit Committee meeting.

Coast to Capital

Meeting: Coast to Capital Audit Committee Meeting
Date: 15 September 2020
Report Title: Matters Arising Schedule
Report by: Hazel Nicholmann
Item No: 1 b)
Part: A

Meeting Reference	Action	Lead	Status
1). 24 June 2020 meeting minutes: Item 1 - Introduction	<p>Schedule additional meeting early September to progress External Risk Register and Audit Plans.</p> <p>Include review of 'Risk Appetite' definition (see LEP Risk Policy) in the above meeting.</p>	CG/HN	<p>Meeting confirmed for 15 September.</p> <p>See September Agenda.</p>
2). 24 June 2020 meeting minutes Item 2 Risk - Management	<p>Development of the External risk log; streamlining the existing long-list.</p> <p>Transfer the Brexit related risk from the Company Risk to the supplementary external risk log. Ensure the wording reflects the uncertainty of the operating environment pre/post transition.</p>	CG	<p>See September Agenda.</p> <p>As above.</p>
3). 24 June 2020 meeting minutes - Item 3 - Finance	<p>Monitor risk to income against the updated forecast due to lower bank interest rates.</p> <p>Address various matters associated with the Annual Report & Financial Statements:</p> <ul style="list-style-type: none"> 'Letter of Representation' and 'Going Concern' to be audited and reviewed by Kreston Reeves ahead of finalisation; 	<p>KE</p> <p>KE</p>	<p>Mitigations have been taken and continue to be monitored.</p> <p>Completed ahead of the July Board meeting.</p>

Meeting Reference	Action	Lead	Status
	<ul style="list-style-type: none"> • Production of revised Directors' Report and contingent liability note with balanced mitigating actions; • Clarification of the extent of disclosures; • to make provision for a statement covering income streams and associated risks; <p>To agree by correspondence minor changes to the Draft Annual Report & Financial Statements concerning 'Incoming Resources' and 'Resources Expended' ahead of inclusion in the Board papers; and to amend the narrative regarding Brighton i360.</p> <p>To consider alternative accounting platforms.</p> <p>To change the registered Office from its existing address in Lewes to that of the LEP's premises in Hazelwick Avenue, Crawley.</p>	<p>KE</p> <p>KE</p> <p>HN</p>	<p>Completed.</p> <p>Following up with Kreston Reeves.</p> <p>Completed.</p>
4). 24 June 2020 meeting - Item 3 - Finance	<p>Implement Accounting Policies raised in the year end external audit and in the Accountable Body audits for September:</p> <ul style="list-style-type: none"> • Year End Process • Treasury Policy • Procurement • Board of Directors Expense Policy • Taxation, Funds, interest and Loans Policy/Policies 	KE	<p>Year End and Treasury papers are with the Accountable Body for review.</p> <p>Procurement Policy drafted and with Accountable Body; to be presented for approval at the November Audit Committee meeting.</p> <p>Board of Directors expenses policy completed. Taxation, funds and interest in development.</p>

Meeting Reference	Action	Lead	Status
5). 24 June 2020 meeting minutes Item 4 - Governance	Circulate further updated management response to the 2019/20 HR Working Practices to the Committee the following the June Executive Committee meeting.	HN	Circulated to members with the papers for the September meeting.
	Statements to be sought from the respective Chairs of the LEP sub-Committees on the status of any risks surrounding investment funds which should be implemented ahead of the November Committee meeting.	CG	For the 12 November meeting.
	Preparation of a new annual audit progress report for senior management and the Board in line with Section 2060 of the IIA International Standards.	KN/ AM	Completed and presented to Executive Committee in advance of the October Board meeting.
	Initiate procedures for appointing a new Accountable Body; formation of new sub-Committee of the Audit Committee to help with the process.	HN	Tender currently in draft and timelines agreed. Launch date 14 September 2020.
	Conclusion of BBGF related complaint.	HN	Completed.
	Virtual Meeting guidance to be cascaded to Secretariat leads and wider Office for information.	HN	Completed.
6). 24 June 2020 Matters Arising (Growth Grant Programme)	Audit Committee to be kept updated on Growth Grants Programme (GGP) developments/government review on projects following the Investment Committee on 25 June.	JS/CG	GGP was approved at the Investment Committee on 25 June 2020.

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

Declaration Statement for Board/Committee Meetings:

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