

Coast to Capital Audit Committee

Tuesday 20th June 2017, 10.00am – 12.00pm

Coast to Capital, Horsham Training Centre, Hurst Road, Horsham, RH12 2DN

Meeting started at 10:00am and ended at 12:00pm

Members:

Mike La Rooy	Chairman, Coast to Capital Board Member	MLR
Steve Allen	Coast to Capital Board Member	SA
Andrew Swayne	(Independent Member)	AS
Chris Maidment	(Independent Member)	CM
Martin Heffer	Coast to Capital Board Director	MH
Karen Hayes	(Independent Member)	KH

Present:

Jonathan Sharrock	Coast to Capital Chief Executive	JS
Anthony Middleton	Coast to Capital Chief Operating Officer	AM
Katie Nurcombe	Coast to Capital Head of Communications & Corporate Affairs	KN
Cath Goodall	BEIS	CG
Katharine Eberhart	WSSC Accountable Body	KE
David Smith	Coast to Capital Office & Finance Manager	DS
Mark Filsell	Knill James External Auditor	MF
Nick Rawson	Knill James External Auditor	AB
Angelique Bradshaw	in support	

Introduction

All those present introduced themselves.

AM welcomed Karen Hayes, Head of Finance, Revenues & Benefits & S151 Officer at Crawley Borough Council who joins the Audit Committee as Sheila Little, Director of Finance Orbis and Surrey County Council had stepped down.

1. Declaration of Interest

There were no new declarations to note.

2. Minutes of last meeting

The minutes of the last meeting were **noted** and **agreed**.

3. Discuss/Modify/Agree Terms of Reference

AM presented a paper outlining the new terms of reference of the Audit Committee and its objectives. AM advised that changes were required resulting from Assurance Framework update and in line with the Government expectation on a higher level of governance. The Audit Committee highlighted that its role of proactive & predictive risk management was key. MLR advised that the overseeing of the Assurance Framework is a key priority.

ACTION:

AM to update ToR and circulate to members by email for approval.

4. Review of Knill James management report and agree Financial Statements 31 March 2017

This item has been partially redacted.

Reserves – The Audit Committee discussed the need for a policy on reserves. The consensus was for a minimum acceptable level of six months of operational costs but welcomed research on the policy of other LEPs.

Knill James Management Report

No significant risks were identified from the audit.

Four items were identified as advisory:

- Register of Interests timeline
- Only one team member trained on accounting software
- Better segregation of duties in regards to processing/approval of purchase invoices and processing/approval of payments
- Purchase authorisation missing on one instance in audit test (£2,872.80)

ACTIONS:

- 1) Knill James to produce a paper on the potential accounting treatment of Fixed Asset investments for approval by the Audit Committee.
- 2) KN/DS to develop reserves policy to be included as an agenda item for discussion at next meeting.
- 3) Knill James to update Directors Report to note John Peel's retirement in May 2017.

Secretary's Note – The Audit Committee **agreed** the amended Draft Financial Statements June 29th 2017 after consideration of the Knill James paper. Also, the Audit Committee **agreed** to **recommend** to the Board that the amended Financial Statements be approved and signed.

5. Growth Hub 2016/2017 Independent Accountants Report

Government funding had been claimed and spent in line with the BIS offer letter. The Audit Committee **noted** report as read.

6. Accountable Bodies Review

It was **agreed** that Coast to Capital carry out a review of the Accountable Bodies structures in preparation of the recommendations of the CLG report and any changes to LEP roles by the new Government.

Recommendation

It was proposed that a sub-group of the Audit Committee be established to review existing Accountable Body arrangements.

ACTIONS:

Audit Committee volunteers to report to AM

7. Four Lines of Defence Model and 2017/18 Audit Plan

It was noted that the Three Lines of Defence is recognised as the best practice risk management framework:

- 1) Functions own & manager risk – Pillar leads
- 2) Specialist functions who oversee risk management – Communications & Corporate Affairs

3) Functions that provide internal independent assurance – Audit Committee

The recommended fourth line of defence related to the commissioning of an annual assurance review by an external independent body which could be an Accountable Body.

The Audit Committee discussed the framework, in particular the limited financial and physical resources of the LEP.

The Audit Committee **noted** the approach to risk management, members were happy to engage in developing the Coast to Capital framework and **approved** the audit plan for 2017/18.

ACTION:

KN to follow up with the Audit Committee members to determine their support delivering the audit plan.

8. Review of Corporate Risk Register

The Audit Committee reviewed the Corporate Risk Register and **noted** the four lines of defence review process. An additional risk in regards to the Accountable Body outlined earlier in the meeting was suggested to be included.

ACTIONS:

KN to review and update the Corporate Risk Register in line with suggestions.

9. Governance and Assurance Update

AM advised that health checks were in place for best practice and Governance with a strong action plan.

Discussions were had around whistle blowing and it was agreed that a senior independent director was not required.

ACTIONS:

KN - Audit Committee meetings to be considered in line with the schedule of LEP Governance meetings and requirements in 2018.

10. Any Other Business

The Chairman thanked everyone for time and input and closed the meeting.