

Item 5

Title: Solent LEP Assurance

Date: Friday 26 November 2021

1. Solent LEP Assurance Overview

The [National Local Growth Assurance Framework](#) sets out Government's guidance for places that are required to develop their own Local Assurance Framework. This applies to Mayoral Combined Authorities (MCAs) with a Single Pot and Local Enterprise Partnerships (LEPs).

In order to ensure continued compliance with the national framework, the Solent LEP has established a local assurance framework ([available here](#)). This framework is reviewed regularly to ensure continued compliance with the national framework.

Within this framework, the Solent LEP has established a broad range of approaches designed to demonstrate the standards of governance, accountability and transparency consistent with its role.

By way of summary, there are three key overarching areas of consideration for the Solent LEP in relation to assurance: Corporate Accountability, Public Accountability and HM Government Accountability.

Public accountability is provided through a range of mechanisms, including;

- Direct public and wider stakeholder engagement and consultation activity
- Transparency of information - including publication of key information via the Solent LEP website
- Opportunities for direct public engagement - through well established procedures including enquiry, FoI and complaints policies, as well as opportunities for direct engagement at Board and Panel level through the LEPs deputation policy
- The Solent Growth Forum - both as a public forum and through the roles of the forums elected representative members
- The accountable body (Portsmouth City Council) - which is responsible for overseeing the proper administration of financial affairs within the LEP when these affairs relate to public funds (including compliance with relevant frameworks, procedures and grant conditions, ensure funds are used with propriety, regularity and value for money, oversight of LEP Governance and Transparency arrangements, agreement of scrutiny arrangements, ensuring checks and reporting requirements of the S151 Officer - including annual assurance statement - are met, document retention, investigation of complaints, escalation of concerns to Cities and Local Growth Unit.)

Accountability to HM Government is provided through a range of mechanisms including;

- Regular monitoring and evaluation requirements on specific funds / programmes
- LEP Network Peer Scrutiny Reviews
- Annual Performance Review process - including mid-year review process and deep dive process.

Corporate accountability is provided through a range of mechanisms including;

- The role of the LEP Board
- The LEP Company Membership
- The LEP Executive team including dedicated corporate performance, governance and compliance function
- The wider LEP governance structure - including the Funding, Finance and Performance Management Group (FFPMG).

In relation to FFPMG specifically, a key role of this group is in relation to audit. This includes appointment of the independent auditor and overseeing the annual audit process (including the certification of final grant claims), ensuring the financial statements of Solent LEP Limited are audited within required timescales, receiving reports from both internal and external auditors and responding accordingly as well as investigating any financial irregularity contained within the remit of the LEP.

Within this context, the Solent Growth Forum have requested an update in relation to audit activity. FFPMG have commissioned internal audit services from Portsmouth City Council and an update in relation to activity is provided under part two of this report.

2. Internal Audit Overview

Background

There is no legal requirement for the Solent LEP to procure internal auditing services, however as the Accountable Body, Portsmouth City Council, is required to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes' in accordance with the Accounts and Audit Regulations 2015 Section 5. Solent LEP and PCC signed a Service Level Agreement for the provision of Internal Audit Services for a period of 3 years commencing in 2017/18.

This agreement provides the SLEP with an annual programme of audits, advice, investigations and providing an annual audit opinion as outlined in the Public Sector Internal Audit Standards, which are the standards to which an internal audit service must comply with.

Annual Opinion for 2020/21

On an annual basis, the Chief Internal Auditor provides the SLEP with an annual audit opinion, below is the opinion provided to FFPMG for the financial year 2020/21.

'The audit results reported either previously indicate that the SLEP have a good framework for governance, risk management and control. There were two audits rated as limited assurance. These relate to Covid-19 activities that as noted above were implemented during a difficult period and at speed. Lessons were learnt and controls were adapted to enhance arrangements. There are no significant areas of concern in relation to the overall control environment.

The annual audit opinion for 2020-21 will therefore remain at 'Reasonable Assurance', as was the previous year. Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance. '

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| No Assurance | Limited Assurance | Reasonable Assurance | Full Assurance |
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Annual Audit Plan 2021/22

On an annual basis, in collaboration with the Chief Executive, an annual audit plan is formulated on risk basis. The audit universe for the SLEP is risk assessed to determine which areas are of higher risk and therefore suitable for an audit in the upcoming year. The risk assessment takes into account areas such as, but not exclusively, financial, legislative and project risks. The audit plan is presented to FPPMG on an annual basis for approval.

Periodically throughout the year, progress against the audit plan and results of the audits completed are reported to FPPMG, which is the board charged with Governance within the Solent LEP.

The current audit plan consists of 17 audits and is attached as an appendix.

Public Sector Internal Audit Standards (PSIAS)

In accordance with the PSIAS the Chief Internal Auditor provides an Annual Internal Audit Opinion based on an objective assessment of the relevant organisation's framework of governance, risk management and control. The Annual Internal Audit Opinion must incorporate;

- The Opinion;
- A summary of the work that supports the Opinion; and
- A statement on conformance with PSIAS.

In addition, under PSIAS 1310 there is a requirement that, as part of the quality assurance and improvement programme internal and external assessments (of conformance with the Standards) must be undertaken. Standard 1311 allows for periodic self-assessments, which for Portsmouth City Council has been carried out each year since the standards were introduced.

Standard 1312 requires that an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. For 2017-18 an external assessment was undertaken in agreement with the standards and key individuals within Portsmouth City Council. The results confirm the Internal Audits conformance to PSIAS.

Financial comments from the S151 Officer of the Accountable Body

There are no specific financial implications arising from this report.

The Accountable Body are fully involved in all financial decision making and provides advice to the LEP Executive, the LEP Board and Panel members as appropriate to ensure that it provide the appropriate assurance in the protection of public funds.