**Item No: Item 12**

**SSLEP Executive Board – 18th July 2019**

**Governance Compliance Checks**

**Purpose of the report**

To update the Board on the latest position in respect of various governance compliance checks that have taken place recently.

**Background**

The annual performance review (APR) which takes place in December each year is the main compliance check undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) on LEP’s. The outcome of the last SSLEP APR, together with an improvement plan to meet the issues identified in the APR was presented to the Executive Board in May 2019.

In addition to the APR, further governance compliance checks have been undertaken and the outcomes from those have now been received.

**Deep Dive**

The SSLEP were randomly selected for a governance and compliance deep dive audit which took place on 5th and 6th March 2019. The final report which sets out the findings and the agreed actions and deadlines is attached at Appendix A. Overall the SSLEP received a rating of “requires improvement”, with key issues being around the clarity of responsibilities and interactions of the various SSLEP Boards / Groups, and the transparency of information that was published on the website. The agreed actions from the deep dive have now been included in the Improvement Plan and progress will be monitored and reported to the Executive Board at each meeting.

**External Audit**

The Accountable body commission an external audit on an annual basis of the SSLEP compliance with the National Assurance Framework. The Accountable body uses the report and subsequent check that any actions have been completed, as one of the measures to support the formal annual return that the Accountable body makes to the MHCLG in February each year. The MHCLG will not release future funds unless it receives a positive statement on compliance from the Accountable body. The external audit report for 2018/19 which has recently concluded is attached at Appendix B.

Whilst the audit has identified some minor actions which need to be undertaken to clarify certain governance issues, the overall outcome was that there was “substantial assurance” that the areas reviewed were controlled adequately. The actions from this audit have been incorporated into the Improvement Plan.

**Cities and Local Growth Unit (CLGU)**

The CLGU has also recently undertaken a desk top review of all LEP websites to check compliance of local assurance frameworks with national assurance frameworks. The issues that were identified for the SSLEP are set out in Appendix C. The key issues were mainly around providing more clarity in some of the areas and statements currently included in the local assurance framework. The local assurance framework has already been updated to clarify the key points identified. Some of the issues identified were the same as or similar to the points raised in the other governance checks.

**Improvement Plan**

The improvement plan in respect of governance and compliance is now the key document which will be used to monitor progress against the actions that have been raised as part of the governance checks. All of the actions from the various governance checks have been amalgamated into this one document. Progress against each of the actions is reviewed and updated on a regular basis and will be included on the Agenda of all future Executive Board meetings.

The latest position on the improvement plan is attached at Appendix D.

It is important that the SSLEP progresses the actions included in the improvement plan prior to the next APR which is currently scheduled for December 2019. Clearly one of the issues that the SSLEP currently faces is the capacity of the secretariat to progress the outstanding issues on the improvement plan.

Jacqui Casey

Interim Partnership Manager

8th July 2019