

Terms of Reference

for the

Finance and Performance
Committee

NAME

Cheshire and Warrington Finance and Performance Committee.

LOCAL CONTEXT

The geographical boundary of the Cheshire and Warrington Digital Connectivity Board is consistent with the geography of the Cheshire and Warrington Local Enterprise Partnership (CWLEP). This covers the administrative areas of the three unitary local authorities, these being:

- Cheshire East Borough Council
- Cheshire West and Chester Borough Council
- Warrington Borough Council

The LEP is entering a period of transition, with the Chancellor announcing in the Spring 2023 Budget, that the functions of all Local Enterprise partnerships are to transfer to the responsibility of local authorities. The Finance and Performance Committee will therefore be minded to evolve its role and operations, to reflect the evolving governance arrangements regarding the Cheshire and Warrington LEP transition.

AUTHORITY & ACCOUNTABILITY

The committee is authorised:

- To seek any information it requires from any employees of the Company in order to perform its duties.
- To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference.
- To call any employee to be questioned at a meeting of the committee as and when required.
- To have the right to publish in the director's annual report details of any issues that cannot be resolved between the committee and the Board.

The Committee will be accountable to the LEP Board.

The Finance and Performance Committee will operate within the terms of the CWLEP Local Assurance and Accountability Framework. This document establishes a framework that the CWLEP will follow in relation to decision making.

The Assurance and Accountability Framework is in three parts.

Part one sets out the purpose, structure and operating principles of the Framework, including:

- Declaration of Interest Policy;
- Code of Conduct and Conflict of Interest Policy;
- Gifts and Hospitality;
- Equality and Diversity Policies;
- Freedom of Information Policy;
- Audit and Scrutiny;
- Complaints and Whistleblowing;
- The role of the Accountable Body

Part two sets out the project prioritisation process (including development of a project pipeline).

Part three sets out the programme management and investment decision process. The Framework also comprises a series of Appendices which set out the key documentation and information supporting the Framework.

ROLES AND RESPONSIBILITIES

The business of the Committee and the emphasis across its roles and responsibilities will adjust based on the needs of the organisation, and it is expected that the emphasis will evolve over time.

FINANCIAL REPORTING

The committee shall review and challenge where necessary:

1. Receive, review and comment on draft budgets prior to submission to the Board and provide advice and guidance as requested.
2. Recommend the annual budget to the Board
3. Receive annual accounts prior to audit and recommend to the Board for approval
4. Receive reports from external bodies, approve actions/action plans and to address issues raised and monitor implementation.
5. The trading performance of the Company at each of its quarterly meetings.
6. Test the “going concern” basis of the Company on a quarterly basis, and declare concerns on this matter to the wider Board as necessary. On an annual basis, the “going concern” test will be provided by the auditor and reviewed by the Committee on a more formal basis.
7. The consistency of, and any changes to, accounting policies on a year by year basis.
8. The methods used to account for significant or unusual transactions where different approaches are possible.
9. Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
10. The clarity of disclosure in the company’s financial reports and the context in which statements are made; and
11. All material information presented with the financial statements, such as the business review/operating and financial review and corporate governance statements.

INVESTMENT

1. The primary investment function is to ensure that investment decisions and contracts comply with the LEP Local Assurance framework.
2. To achieve this Finance & Performance will:
 - a. Scrutinise and ensure effective implementation of the LEP’s investment strategy and Annual Delivery Plan, ensuring that funded projects retain strong strategic alignment through delivery.
 - b. Receive, consider and ratify detailed appraisal information for projects prioritised for funding. Provide feedback to project sponsors for any projects that fail to pass the investment gateway stage.
 - c. Maximise the uptake of further investment sources to achieve the aims of the growth agenda.
 - d. Oversee the work programme for Programme Management, to ensure that all investments are delivered in line with regulations and propriety requirements.

PERFORMANCE MANAGEMENT

3. Provide oversight and assurance of all LEP funded programmes and projects to ensure that these comply with all regulatory, statutory and financial requirements; and deliver to outcome and financial targets in line with the Local Assurance Framework and evaluation strategies.
4. Develop and maintain appropriate robust monitoring and reporting mechanisms to ensure that individual programmes of activities and projects deliver on all expected outcomes; and that clear contract management and monitoring arrangements are in place for each project and programme.
5. Ensure that under-performing projects and programmes are identified, and effective mitigation measures are identified and actioned, where possible, to restore performance. Where projects can no longer deliver against agreed targets, the committee shall report its' concerns to the Board or relevant sub-committee of the Board and may propose, via a project change request, remedial measures, including recommending the withdrawal or reduction of under-performing projects.
6. Approve reporting returns to government for any and all relevant government-funded programmes.
7. Ensure that programmes and projects are periodically evaluated to give assurance that objectives and targets are still relevant and achievable.
8. To receive monitoring and evaluation reports on completed projects and programmes to highlight key successes and failures and to share best practice.

DELIVERY PLAN

9. Ensure that all delivery teams have clear leadership arrangements, a tasking framework and expected outcomes, and are fully equipped to support the LEP's governance arrangements.
10. Ensure that resourcing requirements are clearly identified for each delivery priority and that this is subject to regular and ongoing monitoring and review to ensure that this remains in line with evolving business priorities.
11. Provide appropriate challenge and support to the delivery teams and committees to ensure that they are focused on the issues most critical to delivery.

INTERNAL CONTROLS & RISK

12. Ensure the development of the LEP's risk strategy and review and update this at each meeting, providing feedback to the LEP Board as necessary.
13. Keep under review the adequacy and effectiveness of the company's internal financial controls and internal control & risk management systems.
14. Review and approve the statements to be included in the director's annual report about internal controls and risk management.
15. Ensure that programme level risks are being properly managed and that mitigation strategies are in place to address these or that these are escalated to the LEP Board as required.
16. Monitor and check that all remuneration and other disbursements are in line with those agreed by the Board or, where appropriate, the Remuneration Committee. The committee will meet with the Remuneration Committee more formally on an annual basis in the month of January or at a date agreed by the relevant Chairs.
17. The committee will review Delegation of Authority levels for officers of the company and be consulted about any changes to these levels prior to implementing the changes.
18. The committee will review the processes relating to cash movements and controls and be consulted prior to changes to process changes and improvements.

AUDIT

INTERNAL AUDIT

The committee shall monitor and review the effectiveness of the company's internal audit function in the context of its overall risk management system.

19. Approve the appointment and removal of the internal auditor

20. Review and assess the annual internal audit plan
21. Review reports from the internal auditor to the committee
22. Review and monitor the executive's reaction to the findings and recommendations of the internal auditor.
23. Meet the internal auditor audit partner at least once a year, without the executive being present, to discuss the remit and any issues arising from the internal audits carried out. The audit partner shall be given the right of direct access to the Chair of the committee.

EXTERNAL AUDIT

The committee shall

24. Consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the company's external auditor.
25. The committee shall oversee the selection process for a new auditor and, if an auditor resigns the committee shall investigate the issues leading to their resignation and decide whether any action is required.
26. Review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.
27. Oversee the relationship with the external auditor, including but not limited to:
 - a. Recommendations on their remuneration whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted.
 - b. Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
 - c. Satisfying itself that there are no conflicts between the auditor and the company.
 - d. Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements.
 - e. Seeking to ensure co-ordination with activities of the internal auditor
28. Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The committee shall meet the external auditor at least once a year, without the executive being present, to discuss the auditor's remit and any issues arising from the audit.
29. Review and approve the annual audit and ensure that it is consistent with the scope of the audit agreement.
30. Review the findings of the audit with the external auditor. This shall include:
 - a. Discussion of any major issues which arose during the audit
 - b. Any accounting and audit judgements
 - c. Levels of errors identified during the audit
 - d. The effectiveness of the audit
31. Review the management letter and management's response to the auditor's findings and recommendations. In addition it will develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

REPORTING

The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The committee shall produce a report on its activities for inclusion in the director's annual report.

MEMBERSHIP

The maximum membership of this committee is eight voting members.

Members of the committee are:

- Chris Hindley, co-Chair
- Nichola Newton, co-Chair
- Ian Traynor
- Tony Bochenski
- Accountable Body S.151 Officer

Officers (permanent attendees, non-voting members)

- Finance and Commercial Director, CWLEP, co-Secretariat for Committee
- Programme Manager, CWLEP, co-Secretariat for Committee

Ad Hoc Members of the committee

- At the request of the committee a representative of the external and internal auditors shall attend meetings.
- Individuals such as the Chair of the Board, CEO, or other directors (executive or otherwise) and officers may be invited to attend all or part of any meetings, as and when appropriate.

For the meeting to be quorate, there needs to be a minimum of three members present, of which at least one should be a LEP board member.

Where members are not able to attend a scheduled committee meeting, they will provide their view and recommendation in writing prior to the meeting or send a substitute. All apologies must be sent no later than thirty minutes prior to the scheduled start of the committee meeting to the Secretariat. Where members fail to attend three consecutive meetings a formal substitute will be requested.

MEMBERSHIP REVIEW

Membership of the Finance and Performance will be confirmed on an annual basis in March.

The appointment and tenure of the chair, of the Finance and Performance Committee will be set by the chair of the LEP board.

A deputy or co-chair will also be appointed to ensure continuity in meetings.

CONFLICTS OF INTEREST

Where a member of the committee has a personal or professional interest in an agenda item they are asked to declare that interest at the start of the meeting. The person can remain in the meeting while the item is discussed but they are only allowed to answer direct questions about that item and should refrain from promoting the item in any way. In this way it is hoped that the committee can benefit from that member's knowledge without being unduly influenced by the interest.

VOTING / DECISION MAKING

Decisions of the committee will be taken by simple majority of the members present so long as the meeting is quorate. Where the committee is unable to reach a decision, or there is no overall majority, the decision shall be deferred to the next meeting to allow for further information and representation to be obtained. If at the second meeting the committee is unable to reach a decision or there is no overall majority, the decision shall be referred to the LEP board.

URGENT / EMERGENCY POWERS

When decisions are required on time scales that cannot be delayed until a formal meeting, papers may be circulated to members by correspondence to obtain a decision. If a decision cannot be reached by correspondence, a special meeting shall be convened by the Chair.

MEETINGS

Meetings will take place approximately every 2 months and the minutes of the meeting and papers will be published on the LEP website. Meetings are expected to follow a rhythm where finance and performance alternate as the key theme for the meeting. External and Internal Audit will have a standing invitation to the finance focused meetings. Papers containing commercially sensitive information may not be published and may be discussed by the committee in a private session. Meetings can be held in person, virtually or by combination of in person and virtual. The committee will look to ensure meeting papers are published at least 5 working days prior to a scheduled meeting and minutes of meetings 10 working days after.

Meetings of the committee shall be called by the Chair, or Co-Chairs, of the committee at the request of any of its members, or at the request of the external or internal auditors, if they consider it necessary.

The below reflects a broad forward plan of the Committee, which is designed to ensure it properly discharges its roles and responsibilities.

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| May (Performance) | Delivery Plan & Budget Internal Audit: Reporting Stage |
| July (Finance) | Review of Annual Accounts External Audit: Reporting Stage Auditor (Re-)Appointments Annual Report of the Committee to the Board Review of Reserves Review Management Accounts |
| September (Performance) | <i>Annual Accounts & External Audit Re-review (as necessary)</i> Delivery Plan Review / Programme Review Risk Review Review of Fraud Risk |
| November (Finance) | Review Management Accounts Review of Forecast Review of Programme Funds |
| January (Performance) | Delivery Plan Review / Programme Review Annual Performance Review Internal Audit: Planning Stage Remuneration Review |
| March (Finance) | External Audit: Planning Stage Draft Budget Risk Review ToR Review & Membership (Re-)Appointment Review of Performance of the Committee |

MONITORING AND REVIEW

The Finance and Performance Committee will look to conduct an annual review, ensuring the committee remains effective and its terms of reference reflect national/local circumstances and/or requirements.

The committee's terms of reference may be amended at any time by the Board.

The committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

APPROVED

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| Date of meeting | |
| Signature of Chair | |