



Audit, Risk & Assurance Committee

Tuesday 24 September 2019 at 10.00 am

Minutes

Present

David Lane (Chair)

Nick Abell

Councillor Alan Butt

Councillor Fred Grindrod

Councillor Ram Lakha

Councillor Andrea Layton

Councillor Alexander Phillips

Councillor June Tandy

Councillor Alan Taylor

Councillor Vera Waters

Coventry & Warwickshire LEP

City of Wolverhampton Council

Birmingham City Council

Coventry City Council

Staffordshire Non-Constituent Authorities

Shropshire Council

Nuneaton & Bedworth Borough Council

Dudley Metropolitan Borough Council

Walsall Metropolitan Borough Council

In Attendance

Tracey Beardmore

Nicola Coombe

Louise Cowen

Linda Downes

Peter Farrow

Julia Goldsworthy

Sandra Kalyan

Tim Martin

Hardial Phull

Gurmit Sangha

Laura Shoaf

Anna Sirmoglou

Lorraine Quibell

Tracy Walters

West Midlands Combined Authority

Grant Thornton

West Midlands Combined Authority

Nuneaton & Bedworth Borough Council

City of Wolverhampton Council

West Midlands Combined Authority

City of Wolverhampton Council

West Midlands Combined Authority

West Midlands Combined Authority

West Midlands Combined Authority

Transport for West Midlands

West Midlands Combined Authority

West Midlands Combined Authority

West Midlands Combined Authority

Item Title

No.

165. Apologies for Absence

Apologies for absence were received from Councillor Ahmad Bostan (Sandwell Metropolitan Borough Council) and Sean Farnell (Coventry & Warwickshire LEP).

166. Declarations of Interest

The Chair reported that he was the Chair of the Midlands Metro Audit Committee and Nick Abell reported that he was a member of Investment Board.

167. Appointment of Vice Chair

Resolved:

- (1) Councillor Ram Lakha be appointed as Vice-Chair of the Audit, Risk & Assurance Committee for 2019/20.

168. Minutes - 21 June 2019

The minutes of the meeting held on 21 June 2019 were agreed as a correct record.

169. Chair's Remarks

- **Local Authority Governance and Accountability Framework Review Panel**

The Chair advised the committee of the Ministry of Housing, Communities & Local Government establishing a new Local Authority Governance & Accountability Framework Review Panel which would assess the framework to determine whether it was fit for purpose and make suggestions for its improvement at a national level.

- **Chair's Meeting**

The Chair advised the committee of his meeting with the Senior Leadership Team at their request to review the strategic risk register in light of the challenges the WMCA faced.

170. Matters Arising

- **Whistleblowing**

The Monitoring Officer advised the committee of one notification that had been received regarding whistleblowing, although following an investigation it was determined that the disclosure was not related to the WMCA. It was noted that a number of matters had been raised that were currently being considered as part of the WMCA's grievance process, at this stage they were still under investigation as part of normal processes.

- **Accessible Transport Group**

The Monitoring Officer advised the committee that further to the previous meeting, the business had been sold to National Express. Continuous work was being undertaken to ensure the service was shaped with improvements to be both successful and profitable. It was noted that the administration process was not yet complete and matters relating to property value and holdings remained unresolved.

- **Mayoral Elections Preparation**

The Monitoring Officer informed the committee of the appointment of Martin Reeves as the Combined Authority Returning Officer. In preparation for the mayoral elections taking place on 7 May 2020, the Monitoring Officer advised the committee that regular monthly meetings had been established as well as protocols being put into place on the information candidates would receive to ensure that there was a fair and consistent approach towards all mayoral candidates.

171. Forward Plan

The committee considered the plan of items to be reported to future meetings of the committee.

Resolved:

- (1) The items of business to be reported at future meetings be noted.

172. Internal Audit Update

The committee received an update on the work completed by internal audit so far this financial year. The following four satisfactory reports were outlined to members: Performance Management & Business Planning Arrangements, Birmingham Eastside Metro Extension Project Management Arrangements, Governance Arrangements - Midland Metro Ltd and Employee Performance Management.

In regards to the Birmingham Eastside Metro Extension Project Management Arrangements internal audit, the Chair advised the committee that he sought clarification on the audit reaching a satisfactory opinion due to the number of 'amber' recommendations and target dates, however Internal Audit felt comfortable with the level of assurance they provided.

Resolved:

- (1) The contents of the latest Internal Audit update report be noted.
- (2) The committee receive an update on the recommendations for the Performance Management & Business Planning Arrangements (Devolution Deal including Financial Assumptions 2018/19) Internal Audit Report in June 2020.
- (3) The committee receive an update on the Birmingham Eastside Metro Extension Project Management Arrangements 2018/19 Internal Audit report at its next meeting.
- (4) The committee receive an update on the Governance Arrangements - Midland Metro Ltd 2018/19 Internal Audit report at the next meeting.

173. Equal Pay Audit and Gender Pay Gap Update

The committee received an update on the equal pay audit outcomes together with a breakdown of the latest gender pay gap statistics and outline of the initiatives and key areas of future focus to bridge the gap and promote inclusion.

An equal pay audit was conducted in August 2019 and concluded no areas of concerns, the vast majority of 'like' jobs were on the same grade and the grade differentials identified were related to either honorariums or employees being on a protected grade which was justified in line with the WMCA pay policy.

Councillor Alexander Phillips suggested that a more helpful comparison would be against any other mayoral / public sector organisation as the recruitment pool was drawn from those organisations, although the transport

element of the WMCA should be taken into recognition.

Resolved:

- (1) The outcomes of the Gender and Race Equal Pay Audit Report be noted.
- (2) The March 2020 WMCA Gender Pay Gap data and actions to address the gender pay gap and help bridge internal diversity gaps be noted.
- (3) The committee to receive an update on Equal Pay Audit and Gender Pay Gap in April 2020.

174. Investment Programme Governance Audit Update

The committee received a report updating it on the internal audit recommendations, how the enhanced assurance framework was being updated to reflect latest government guidance and to answer questions raised by the committee on control mechanisms.

As a member of the Investment Board Nick Abell felt that effective work was being undertaken within the Senior Leadership Team to address the problems which have been highlighted as the Investment Programme had evolved.

From a monitoring perspective, the Chair requested that dates and timelines against the status of actions be included within the next update, and that the change control mechanism for projects outside the control of the Combined Authority was clearly defined.

Resolved:

- (1) The work that had been undertaken to date on the assurance framework, and the rationale behind the proposed way forward be noted.
- (2) The work being undertaken by Governance to deliver continuous improvements to the decision-making process, and how that impacted on the Investment Programme and PMO responsibilities, be noted.
- (3) Timescales and proposed activity for the resolution of outstanding actions in the Internal Audit Report dated 6 February 2018 be noted.
- (4) The current controls that were in place for programme risk and the intended changes to the controls be noted.
- (5) An update on progress against delivery on the action plan be presented at the next meeting.

175. WMCA Financial Monitoring 2019/20

The committee receive a report providing them with an update on the WMCA finances as at the end of July 2019. A summary of the revenue and capital spend against the approved budget was provided as well as a summary of

the Investment Programme.

Resolved:

- (1) The financial position as at the end of July 2019 be noted.

176. WMCA Corporate Services Review

The committee received an update on the Corporate Services review which had been ongoing since January 2019. Members were informed of further decisions that had been taken by Senior Leadership Team to progress the review and move towards excellence in service area provision.

The Head of Human Resources & Organisational Development informed the committee that a gateway review of the process would be undertaken and should be concluded for an update to be presented back to this committee in January 2020.

Resolved:

- (1) The contents of the report be noted.
- (2) Committee receive an update on the Corporate Services review in January 2020.

177. Capacity and Capability - Risks and Mitigations

The committee considered a report on how the WMCA was meeting the demands on its capacity and capability through a combination of resourcing and planning processes, and a blended approach to learning and development.

Councillor Alexander Phillips commented on the turnover of staff being historically low and questioned what the organisation is doing to ensure this did not drop any lower. The Head of Human Resources & Organisational Development explained that various resourcing models were being considered as well as inward secondments.

Resolved:

- (1) The report be noted.
- (2) The actions and considerations taken including systems, planning processes and policies to manage risks in the organisation around capacity and capability be noted.

178. Strategic Risk Register

The committee received a summary on the current status of key risks within the Strategic Risk Register. A quarterly review of the register was undertaken by the Senior Leadership Team to ensure the register reflected the key risks affecting the WMCA.

Risk discussions were focused upon the current uncertainties developing from Brexit and the national political situation impacting on the delivery of

WMCA objectives. Taking into account these factors, the status of risk relating to external factors was noted. Two new risks had been identified within the register and these related to the risk of achieving the desired carbon reduction by 2041 and Overall Delivery of Devolution Objectives.

In regards to HS2 being considered as a risk for the WMCA, the Director of Strategy informed the committee that consideration would be given as to whether the risks around HS2 could be included within the register more explicitly. However it needed to be clear that that this programme was not the responsibility of the WMCA.

Resolved:

- (1) The strategic risks contained within the WMCA Strategic Risk Register be noted.

179. Data Protection and Data Processing

The committee considered a report on the categories of personal data processed by the WMCA, a broad overview of the data protection assurance controls in place and an outline of the regulatory action an organisation may be subject to in the event of a breach.

The WMCA processed a wide range of personal data across a number of diverse areas of operation and some key examples were provided. The Data Protection & Information Sharing Officer explained the controls in place to ensure compliance with legal and regulatory requirements.

The Chair requested further information on the quantity of banking information held to date, to help further understand the risks for the WMCA. The Data Protection & Information Sharing Officer felt that he received sufficient management and financial support to ensure adequate compliance.

Resolved:

- (1) The response of the WMCA to the necessary measures complying with the requirements of secure personal data storage and processing be noted.
- (2) The committee receive annual updates on the confidence and compliance of data protection and data processing.

180. Date of Next Meeting

Tuesday 12 November 2019 at 10.00am.

The meeting ended at 11.50 am.