

Audit, Risk & Assurance Committee

Wednesday 29 September 2021 at 10.00 am

Minutes

Present

David Lane (Chair)

Councillor Ram Lakha OBE (Vice-Chair)

Councillor Carl Rice

Councillor Alan Butt

Councillor Dave Borley

Councillor Charn Padda

Councillor Ken Meeson

Councillor Hayden Walmsley

Coventry City Council

Birmingham City Council

City of Wolverhampton Council

Dudley Metropolitan Council

Sandwell Metropolitan Borough Council

Solihull Metropolitan Borough Council

Warwickshire Non-Constituent
Authorities

**Item Title
No.**

1. Inquorate meeting

The meeting was inquorate and therefore the recommendations contained within the minutes would be submitted to the WMCA Board on 19 November 2021 for formal approval and adoption.

2. Apologies for Absence

Apologies for absence were received from Councillor Flint and Kate Shaw.

3. Minutes - 19 April 2021

The minutes of the meeting held on 19 April 2021 were approved as a correct record.

4. Chair's Remarks

The Chair introduced the committee to Mark Smith who would be taking over the role of Independent Chair from 1 October. He reported that Mark had an incredible audit background and it was a natural transition for him to take over the role now ARAC was well established.

Mark Smith reported that he was retiring from PricewaterhouseCoopers at the end of the month and was delighted to be taking over the role as Chair. He added that he was proud to be from the West Midlands and looking forward to contributing in this role.

The Monitoring Officer, Satish Mistry, thanked David Lane for chairing the committee over the last 5 years and agreed it was a natural transition for Mark to be taking over the role.

Councillor Lakha on behalf of the committee conveyed his thanks to David Lane for all the work he had undertaken during his time as Chair and Councillor Butt thanked the Chair for the diligent manner in which he had chaired meetings. The Finance Director, Linda Horne also expressed her appreciation to David Lane on behalf of the WMCA. The Chair responded appropriately.

5. Appointment of Vice-Chair

The Chair reported that he had received only one nomination for the role of Vice-Chair, which was from the current Vice- Chair, Councillor Ram Lakha.

The committee supported and agreed the nomination.

Resolved : That Councillor Ram Lakha be re-appointed to the role of Vice-Chair for 2021/22.

6. Forward Plan

The committee received a report of agenda items to be submitted to future meetings.

It was agreed that Mark Smith would review the forward plan for the next meeting.

Resolved: That the report be noted.

7. Covid-19 Update -Employee Health and Wellbeing & New Ways of Working

The committee considered a report of the Interim Head of HR that provided an update on Covid-19 in relation to supporting employee health and wellbeing and outlined the future approach with regard to flexible working.

The Interim Head of HR, Melanie Ganderton reported that the majority of employees had worked from home during the last 12 months with relatively low levels of sickness absence and productive was maintained.

The committee also noted the news ways of working, # WOW21 programme whereby the organisation moves to hybrid working post Covid which is a combination of office-based working, partially remote working and fully remote working.

In relation to a comment from the Chair regarding the absence of a mental health update in the report, the Interim Head of HR reported that the organisation had a significant focus on mental health and had introduced a new strategy and resilience tool kit.

The Chair considered that mental health should be included as part of any future health and safety update report to the committee.

Resolved: That Covid-19 update be noted.

8. Health & Safety Annual Update

The Director of Integrated Network Services, Pete Bond, introduced the report that provided a summary of principal activities relating to the promotion of health and safety outcomes during the past year and outlined the direction for occupational health and safety within the wide-ranging remit of the West Midlands Combined Authority.

The Health and Safety Manager, Ben Gittings outlined the key achievements during the last year and reported that Covid -19 had shaped the annual delivery plan for the organisation. It was noted that gap analysis would be undertaken to ensure all risks are managed. The Health and Safety Manager also provided an overview of the wellbeing areas that would be focused on during the year.

In relation to an enquiry from Councillor Lakha regarding the financial implications of the additional Covid health and safety initiatives outlined in the report, Ben Gittings reported that these have largely been carried out within business actions to support the new ways of working.

The Finance Director, Linda Horne reported that alterations have been made to the building in Summer Lane as result of Covid and the new ways of working and indicated she would share the costs with the committee which have been included in the financial monitoring report to the WMCA Board.

It was agreed that the financial (capital and revenue) costs of Covid would be reported to a future meeting of the committee.

In relation to an enquiry from Councillor Lakha regarding how the organisation is managing the psychological impacts of the pandemic on staff along with mental health issues, the Director of Integrated Network Services reported that individual risk assessments were undertaken to assess the support and training needed by staff.

The Chair asked that the Health and Safety Manager provide a supplementary paper for the committee that outlines how the organisation is supporting colleagues returning to the workplace in order to understand the arrangements that are in place.

The Chair also sought reassurance that following the appointment of an interim Chief Executive for the WMCA and an interim Managing Director for Travel for the West Midlands, there are clear lines of accountability for health and safety within the organisation. The Chair asked to be provided with a health and safety statement that identifies who is accountable for what within the next week.

The Chair congratulated Ben Gittings and the team for the progress made on health and safety during his time as Chair.

Resolved: That the annual update on health and safety be noted.

9. Internal Audit Update

The committee considered a report of the Interim Director of Law and Governance that provided an update on the work completed by Internal Audit so far, this financial year.

Peter Farrow, Internal Audit, introduced the report and advised the committee of the two internal audit reviews completed this month, the Adult Education Budget and the General Data Protection Regulations both were awarded a satisfactory level of assurance with the final reports issued and appended to the report.

Sandra Kalyan, Internal Audit, outlined the key findings from the Adult Education Budget Review, (the first audit undertaken in this area) and reported that improvements have been addressed in respect of the three amber issues identified. These related to the retention of contracts, financial records and documentary evidence of delegated s151 approval.

The Finance Director, Linda Horne reported that she welcomed the report as this was a new area for the WMCA and outlined the systems of control that have now been put in place.

Interim Legal Services Manager, Jayne Middleton reported on the processes that have been set up to with regards to the retention of contracts with an identified lead solicitor.

Sandra Kaylan, Internal Audit, also provided an overview of the General Data Protection Regulations audit review and reported that one amber issue had been identified where improvements could be made which related to the WMCA's cyber essentials accreditation of its IT systems expiring in November 2020 which is not mandatory but would be applied for.

Councillor Rice took the opportunity to enquire as to whether this committee or the WMCA's Overview and Scrutiny Committee would be looking into the matter of the Midland Metro track replacement in Birmingham City Centre. He reported that he has received letters from his constituents asking why the recently laid track was being ripped up and asked whether any lessons would be learnt.

The Finance Director reported that the Mayor is undertaking an investigation as to why the track repairs are being undertaken.

The Chair asked that a report be submitted to the next meeting on the remit of the investigation before determining whether an independent audit or further investigation is required.

Resolved: That the contents of the Internal Audit Update Report be noted.

10. Data Protection & Data Security Annual Update

The committee considered a report of the Data Protection Officer that provided an annual assessment of compliance with the General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

The Data Protection Officer, Gurmit Sangha, reported on key developments, data breaches, areas requiring improvement over the next 12 months and provided an overview of the GDPR internal audit undertaken between April and September 2021.

The Chair reported that the committee would continue to receive an annual report on data protection and data security and the Data Protection Officer can report back if there are any issues that require attention.

Resolved: That the reporting of data protection assurance and compliance with data protection legislation be noted.

11. WMCA Strategic Risk Management Framework V1.0

The Chair reported that the committee had considered the new WMCA Strategic Risk Management Framework at its informal meeting on the 28 June 2021 and it was hoped the committee would be able to approve the framework today. However, as this meeting was inquorate the decision would need to be referred to the WMCA Board.

Resolved : It is recommended to the WMCA Board that the new WMCA Strategic Risk Management Framework v1.0 be approved.

12. Annual Accounts 2020/21 for the West Midlands Combined Authority

The committee considered a report of the Finance Director that had been prepared for the Audit, Risk and Assurance Committee to approve the annual accounts of the West Midlands Combined Authority for the financial year ended 31 March 2021.

The committee also received the West Midlands Combined Authority Financial Report 2020/21 and Grant Thornton's Audit Findings Report including the Letter of Representation.

The Chair reported that the final accounts remained largely unchanged from the draft accounts reviewed by the committee at its informal meeting in June within the exception of minor changes and changes relating to the movement in reserves/ a technical adjustment which had been outlined in a supplementary paper.

Grant Patterson, Grant Thornton, outlined the items not included in the audit findings report and explained that the adjustments made to the reserves did not change or impact the overall resources available which had been identified late in the audit and were included in the supplementary paper. He also reported on a technical adjustment to the Pension Fund that was due to a timing issue and was not an issue of control.

The Finance Director, Linda Horne, thanked the auditors and colleagues within the WMCA Finance Team on the work undertaken on the accounts for attaining an unqualified audit given the late issues identified, the scale and

complexity of the WMCA's role and recognising that auditors nationally have had issues during the pandemic. The Finance Director added that she would look at how the audit could be better planned next year to avoid any late issues being identified.

Resolved : It be recommended to the WMCA Board that :

1. The Annual Accounts of the WMCA be approved;
2. The Audit Findings Report presented by Grant Thornton and a supplementary paper containing information not included in the accounts be circulated be noted;
3. Grant Thornton propose to issue an unqualified audit opinion for the accounts be noted;
4. The signing of the letter of representation by the Finance Director as set out in Appendix E of the Audit Findings Report be approved ;
5. The Chair of the Audit, Risk and Assurance Committee be authorised to sign-off any further changes required to the statement of accounts for 2020/21 prior to publication and
6. The subject to no further issues being raised by Grant Thornton, that the Mayor and the Finance Director be authorised to sign the accounts on behalf of the WMCA be approved.

13. Midland Metro Limited Accounts 2020/21

The committee considered a report of the Finance Director that had been prepared to enable the Audit, Risk and Assurance Committee to approve the annual accounts of Midland Metro Limited for the financial year ended 31 March 2021.

The approval process for the annual accounts of Midland Metro Limited by auditors, BDO and Grant Thornton was outlined and noted.

Resolved: It be recommended to the WMCA Board that:

1. The annual accounts for Midland Metro Limited for the year ended 31 March 2021 be approved;
2. The independent auditors are intending to issue an unqualified audit opinion for the year ended 31 March 2021 and
3. The Midland Metro Limited's accounts be filed with Companies House within the statutory timetable be noted.

14. Terms of Reference -Whistleblowing Panel

The committee considered a report of the Director of Law and Governance that set out the terms of reference for the recently created Whistleblowing and Fraud Panel that had been developed to assess all whistleblowing and fraud cases presented to the WMCA.

The committee had endorsed the terms of reference at its informal meeting on 28 June 2021.

It be recommended to the WMCA Board that :

The draft terms of reference for the recently created Whistleblowing and Fraud Panel that has been developed to assess all whistleblowing and fraud cases presented to the WMCA be approved.

15. Exclusion of the Public and Press

Resolved:

In accordance with s100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involved the likely disclosure of exempt information relating to the business affairs of a particular person (including the authority holding that information).

16. Investigations and Whistleblowing Update Report

The committee considered a report of the Interim Director of Law and Governance that provided an update on a recently completed investigation into concerns that have been raised with the Combined Authority including those that have come through the whistleblowing route.

Peter Farrow, Internal Audit outlined the report that related to concerns regarding a potential conflict of interest between a WMCA Officer and an independent training provider with whom the WMCA had contracted through, guiding the latter to win bid funding. It was noted that no evidence of wrongdoing had been found.

The committee noted the need for managers to remind employees of their duty to declare any interests during the course of their work that might be perceived as prejudicial especially when staff have handed in their notice.

The Chair asked that HR report back to the committee on whether any changes should be put in place with regard to employment contracts.

The Chair also asked that the WMCA's Senior Leadership Team be reminded of this investigation, HR ensure managers remind their teams of the need to declare interests during the course of their work and put in place a checklist for employees who have resigned from the organisation and are working their notice period.

Resolved: That the contents of the latest investigations and whistleblowing update report be noted.

17. Update from Whistleblowing meeting

The Chair provided feedback from the last whistleblowing meeting. It was noted that the matter was not taken forward.

Resolved: That the update be noted.

The meeting ended at 12.05 pm.