

**Audit, Risk & Assurance Committee**

**Tuesday 2 November 2021 at 10.00 am**

**Minutes**

**Present**

Mark Smith (Chair)	
Councillor Ram Lakha OBE (Vice-Chair)	Coventry City Council
Councillor Carl Rice	Birmingham City Council
Councillor Alan Butt	City of Wolverhampton Council
Councillor Dave Borley	Dudley Metropolitan Council
Councillor Charn Padda	Sandwell Metropolitan Borough Council
Councillor Hayden Walmsley	Warwickshire Non-Constituent Authorities
Kate Shaw	Greater Birmingham and Solihull Local Enterprise Partnership

**In Attendance**

Fiona Bebbington	West Midlands Combined Authority
Mark Finnegan	West Midlands Combined Authority
Victoria Harman	West Midlands Combined Authority
Linda Horne	West Midlands Combined Authority
Ian Martin	West Midlands Combined Authority
Satish Mistry	West Midlands Combined Authority
Lorraine Quibell	The West Midlands Combined Authority
Joti Sharma	West Midlands Combined Authority
Helen Lillington	Grant Thornton
Sandra Kalyan	City of Wolverhampton Council

**Item Title  
No.**

**18. Apologies for Absence**

Apologies for absence were received from Councillors, Flint, Meeson and Baker-Price.

**19. Chair's Remarks**

The Chair welcomed Members and Officers to this, his first meeting as Chair of the Audit, Risk and Assurance Committee. He advised that it was also the first meeting of the committee for Kate Shaw, who represented the Greater Birmingham and Solihull Local Enterprise Partnership. Introductions were made and duly noted.

**20. Minutes - 29 September**

The minutes of the meeting held on 29 September were approved as a correct record subject to a minor typographical error.

**21. Matters Arising**

*(i) Health and Safety Annual Update (minute no. 8)*

The Chair reported that an organisation structure chart identifying health and safety responsibilities across TfWM and the WMCA had been circulated with the papers for this meeting, following the request made by the previous Chair.

*(ii) Internal Audit Update (minute no. 9)*

Further to the consideration of the audit report on General Data Protection Regulations and the amber issue related to the WMCA's cyber accreditation of

IT systems expiring in November 2020, the Internal Audit Liaison Officer advised that an application for accreditation had been submitted last week. The Chair asked that the committee be notified when the accreditation has been received.

*(iii) Investigations and Whistleblowing Update Report (minute no. 16)*

In relation to whether any changes should be made to WMCA employment contracts following consideration of the above report, the Finance Director undertook to report back to a future meeting.

**22. Forward Plan**

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

The Monitoring Officer, Satish Mistry, advised that members were welcome to propose reports for consideration at future meetings.

In relation to Councillor Walmsley's comment that he would like the committee to consider what Internal Audit reports are scheduled for 2022/23, the Chair reported that members would have an opportunity to input into Internal Audit Plan when the draft plan is considered at its next meeting in January.

Resolved: That the report be noted.

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

The West Midlands Combined Authority's (WMCA) and Midland Metro Limited's accounts for 2020/21 were endorsed by the committee at its meeting on 29 September 2021. However, as the meeting was inquorate, the committee is required to formally approve the accounts for financial year ended 31 March 2021.

The Finance Director, Linda Horne presented the report and referred to an

updated Audit Findings Report has been circulated to the committee.

Helen Lillington, Grant Thornton, reported that the Audit Findings Report had been updated to reflect a late technical adjustment to the movement in reserves. She also advised of an unadjusted error that related to the understatement of £1.5m of Pension Fund Assets; both items had been highlighted to the committee at its previous meeting.

The committee noted that the unadjusted error regarding the Pension Fund Assets was below materiality and agreed that no amendments were necessary to the accounts or Letter of Representation.

The Finance Director reported that she hoped the audit process would be undertaken in more timely manner next year but recognised the pressures of the pandemic had caused considerable delays for local authorities and their auditors.

Helen Lillington, advised that Grant Thornton was reviewing the audit process to ascertain what worked/did not work well so that a smoother and more streamlined process could be undertaken next year.

The Finance Director also provided an update on the auditor appointment process. Linda Horne reported that an approach has been made to extend Grant Thornton's five-year appointment as the WMCA's auditors (2018/19 to 2022/23) by two years in accordance with the Public Sector Appointments (PSAA) and the Local Audit (Appointing Person) Regulations 2015.

Helen Lillington, Grant Thornton advised that the initial approach for the PSAA contract extension has received ethnics approval and the procurement process would be undertaken in conjunction with the Chair and approval sought from this committee at a future meeting.

Resolved:

1. That the West Midlands Combined Authority's annual accounts for 2020/21 be approved;
2. That the updated Audit Findings Report by Grant Thornton be noted;
3. That Grant Thornton propose to issue an unqualified audit opinion for the accounts be noted;
4. That the signing of the letter of representation by the Finance Director as set out in Appendix E of the Audit Findings Report be noted;
5. That the Chair of Audit, Risk and Assurance Committee be authorised to sign-off any further changes required to the Statement or accounts for 2020/21 prior to publication be approved and
6. That subject to no further changes being raised by Grant Thornton, that the Mayor and the Finance Director be authorised to sign the accounts on

behalf of the West Midlands Combined Authority be approved.

**24. WMCA Strategic Risk Update**

The committee considered a report from the Finance Director and Section 151 Officer that provided an update on the WMCA Strategic Risk Register.

The Strategic Risk Manager, Victoria Harman, reported this was the first time the Register has been presented in its new format and outlined how the Strategic Risk Register was aligned to the new Strategic Risk Framework. She also explained changes to the Register arising from the new scoring framework.

The Chair reported that Strategic Risk Register was a really good document which included all the right features.

Councillors Butt, Lakha and Padda commended Victoria Harman on the new Strategic Risk Register.

Resolved:

1. That the strategic risks contained within the Strategic Risk Register be noted;
2. That the additional consideration of Covid-19 risks shown in the updated Register be noted and
3. That the risks highlighted in section 2.4 of the report which have been subject to significant changes since the register was last presented to the committee in June 2021 be noted.

**25. Internal Audit Report**

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 year.

Sandra Kalyan, Internal Audit, presented the report and outlined the findings of the two internal audit reviews completed this month; Corporate Complaints Process (awarded a satisfactory level of assurance) and Freedom of Information (awarded a substantial level of assurance).

In relation to a request from the Chair for the report to provide further information with regards to the follow-up of previous audit recommendations, Sandra Kaylan advised that a revised section 4 of the report would be presented from the next meeting.

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

**26. Update on contract issues arising from Digital Retraining Audit 2020/21**

The Internal Audit Liaison Officer, Loraine Quibell provided an update on the contract issues arising from the Digital Retraining Audit that was undertaken earlier in the year.

The Internal Audit Liaison Officer outlined the processes that have been put in place relating to the completion, storage and retention of contracts and reported that all actions arising from the audit have been addressed/ are in the process of being completed. It was noted that Internal Audit would also be undertaking independent checks.

The committee confirmed they were reassured that the recommendations arising from the audit review had been implemented.

Resolved: That the update be noted.

**27. Draft Internal Audit Charter**

The committee considered a report of the Interim Director of Law and Governance that proposed the draft Internal Audit Charter for approval.

The Internal Audit Liaison Officer, Loraine Quibell, outlined the background to the Internal Audit Charter that is required in accordance with the Public Sector Internal Audit Standards.

It was noted that the Internal Audit Charter is a formal document that defines Internal Audit's activities, purpose, authority and responsibility. The document is reviewed annually and is presented to this committee for continued acceptance and ensuring Internal Audit continues to meet the required obligations set by the Public Sector Internal Audit Standards.

The Internal Audit Liaison Officer advised that Internal Audit and Statutory Officers have been consulted on the document and highlighted the key areas for review; management responsibilities, housekeeping and the arrangement for monitoring audit recommendations.

In relation to Internal Audit's responsibility as set out in section 7 of the Charter, and a question from the Chair as to whether the WMCA is satisfied that relevant specialist support could be provided in areas such as ICT and Treasury Management, the Internal Audit Liaison Officer, Loraine Quibell confirmed she believed the expertise was available as Internal Audit was resourced by Wolverhampton City Council who have a large team of auditors.

Resolved: That the draft Internal Audit Charter be approved.

**28. Treasury Management Mid-Year Report**

The committee considered a report of the Finance Director that provided an update on mid-year Treasury Management position following approval of the Treasury Management Strategy by the committee in January 2021.

The Lead Treasury Accountant, Mark Finnegan, presented the report that

had been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. The report provided reviews of the WMCA's investment portfolio, borrowing strategy, debt rescheduling, compliance with Treasury and Prudential Limits and the outlook for the remainder of the current financial year.

In relation to enquiry from Councillor Walmsley as to whether the report could include internal liabilities going forward, Mark Finnegan reported that he was happy to provide a brief update for members in future reports.

Resolved: That the contents of the report be noted.

**29. Single Assurance Framework (SAF) Assurance Performance Report-April to September 2021**

The Head of Programme Assurance and Appraisal, Joti Sharma, presented a report that updated the committee on the thematic performance from WMCA projects where they have been assured to the Single Assurance Framework (SAF) standards. The report covered the period April 2021 to September 2021.

The Finance Director, Linda Horne introduced the report and advised that new arrangements and process for reporting has the support and commitment of the WMCA's Senior Leadership Team.

In relation to the business case assurance review that were undertaken in respect of 7 projects, Councillor Walmsley commented that he would like to know the context of the projects that were assured and asked if further information could be provided in this regard.

The Head of Programme Assurance and Appraisal undertook to look into providing more detailed information for future reports.

Resolved: That the report be noted.

**30. Exclusion of the Public and Press**

Resolved:

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

**31. Update on Midland Metro track replacement**

Further to an enquiry from Councillor Rice at the last meeting regarding the track replacement for Midland Metro in Corporation Street, the committee received an update on the subject from the Interim Director of Law and Governance and Monitoring Officer, Satish Mistry and the Interim Managing Director of Transport for the West Midlands (TfWM) Anne Shaw.

The committee discussed whether it should consider any lessons learnt at a future meeting or, whether the matter should be referred to the WMCA's Overview and Scrutiny Committee.

It was agreed that the Chair would discuss the most appropriate governance approach with the Interim Director of Law and Governance outside of the meeting.

The meeting ended at 12.35 pm.