

**Audit, Risk & Assurance Committee**

**Tuesday 12 April 2022 at 10.00 am**

**Minutes**

**Present**

Councillor Ram Lakha OBE (Vice-Chair)	Coventry City Council
Councillor Dave Borley	Dudley Metropolitan Council
Councillor Alan Butt	City of Wolverhampton Council
Councillor Charn Padda	Sandwell Metropolitan Borough Council
Councillor Carl Rice	Birmingham City Council
Kate Shaw	Greater Birmingham & Solihull Local Enterprise Partnership

**In Attendance**

**Item No.**

**45. Inquorate meeting**

The meeting was inquorate and therefore the recommendations contained within the minutes would be submitted to the WMCA Board on 10 June 2022 for formal approval and adoption.

**46. Chair's Remarks**

The Chair reported that as he was unable to attend the meeting in person today, he had asked the Vice-Chair, Councillor Lakha, to chair the meeting. The committee supported this arrangement.

Councillor Lakha in the chair

**47. Apologies for Absence**

Apologies for absence were received from Councillor Bardsley (Shropshire) and Councillor Meeson (Solihull).

**48. Minutes - 18 January 2022**

The minutes of the meeting held on 18 January 2022 were approved as a correct record.

**49. Matters Arising**

*Minute no.40, Appointment of External Auditors*

Mark Smith reported that all 7 Constituent Members of the WMCA had opted into the Public Sectors Auditor Appointments national scheme for external auditor appointments and the tender process was now underway.

**50. Equity & Inclusion Scheme 2022-24**

The committee considered a report of the Director of Inclusive Growth and Public Service Reform that provided an update on the development and publication of the Equity and Inclusion Scheme 2022-24.

The Equalities and Diversity Manager, Anna Sirmoglou provided a brief overview of the Equity and Inclusion Scheme, a statutory document that sets out the WMCA's vision, ambitions and proposed objectives for promoting equality, diversity and inclusion over the next three years. The Equalities and Diversity Manager highlight past successes and how the WMCA was seeking to address inequalities. It was noted that the document was published on the WMCA's website.

Resolved: The update on the development and publication of the Equity and Inclusion Scheme 2022-24 be noted.

**51. Delivery of the Annual Business Plan**

The committee considered a report of the Finance Director that provided the background to the development of the Annual Business Plan, an overview of the content, how it is used, monitored and measured including supporting the move towards data-driven, evidence based decision-making.

The Head of Business Planning and Performance Reporting, Fiona Bebbington outlined the report and advised that this year's plan was the first Annual Business Plan to be derived from the corporate aims and objectives. An internal document, the plan would be informed by a dynamic business planning process whereby regular conversations involving Finance, HR Business Partners, led by the Business Planning Specialist and Workforce Management Lead would review and consider performance and resources to ensure the right resources are in place.

In relation to an enquiry from Councillor Padda as to whether the organisation has enough people resources to deliver the Annual Business Plan, Fiona Bebbington confirmed that the organisation did have enough resources and that the resources of every team had been considered. She added that the WMCA was looking at the skills/talent of staff as part of a dynamic process to create more flexibility and an agile workforce.

Mark Smith reported that he was impressed with the dynamic reporting but noted there were currently 42 vacancies across the organisation and enquired whether this was a high or low number.

Councillor Lakha commented that the use of contractors/interim staff was costing the Authority more money and considered the need to recruit more permanent staff to ensure continuity.

Fiona Bebbington reported that she would speak to the to Head of HR to ascertain more information regarding the 42 vacant roles including the context of how long the positions have remained vacant.

Mark Smith also asked that information be provided on the number of people

employed on temporary contracts.

Resolved:

1. The report be noted and
2. The dynamic business planning process supports regular conversations across the Combined Authority on resources required to deliver and enable a more flexible approach when new funding sources become available be noted.

## **52. WMCA Strategic Risk Update**

The committee considered a report of the Finance Director that provided an update on the status of the Strategic Risk Register as presented at Appendix 1 to support the committee in its function to monitor the operation of risk management at the WMCA.

The Risk Manager, Peter Astrella, provided an overview of the highest rated risks, risks identified by the WMCA's Strategic Leadership Team and risks on the Issue Log. It was noted that the conflict in Ukraine had been added to the Risk Register but there was no direct risk for the organisation.

In relation to the proposed removal of the risk ,reputational risk for the Adult Education Budget from the Strategic Risk Register the de-escalation to the Directorate Risk Register, Mark Smith reported that Internal Audit had raised the issue as part of a whistleblowing case and he wanted to be assured this position to remove the risk from the Strategic Risk Register was the right thing to do.

The Risk Manager undertook to look into the matter and provide feedback at the next meeting.

Resolved:

1. The risks contained within the Strategic Risk Register be noted;
2. The key messages regarding changes planned for the Strategic Risk Register be noted and
3. The two risks highlighted in section 2.10 of the report be de-escalated to the Directorate Risk Registers, subject to the Risk Manager confirming this is appropriate with regards to the Adult Education Budget risk be noted.

## **53. Single Assurance Framework -Assurance Performance Report October to March 2022**

The committee considered a report of the Head of Programme Assurance

and Appraisal that provided an update on programme assurance and appraisal activity from October 2021 to March 2022.

The Head of Programme Assurance and Appraisal, Joti Sharma, presented the report, reporting on trends and themes identified during the period along with progress on implementing the Single Assurance Framework and the outcome of Business Case Assurance Reviews.

Resolved: That the contents of the report be noted.

#### **54. Internal Audit Annual Report**

The committee considered a report of the interim Director of Law and Governance that summarised the work completed by Internal Audit during 2021-22. The report also provided an annual audit opinion based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the Combined Authority by other providers as well as directly by Internal Audit.

Peter Farrow, Internal Audit introduced the report and informed the committee that all recommendations have been accepted and that a substantial or satisfactory level of assurance has been issued for 15 pieces of audit work completed in 2021-22 and one limited level of assurance issued.

In relation to the two recent audit reviews undertaken (audit reports appended to the main report), he advised that an audit of the Key Financial Systems had been given an overall opinion of substantial, whilst the Longbridge Park and Ride Income Management and Charging Arrangements had been awarded a limited level of assurance

Sandra Kaylan, Internal Audit. summarised the findings of the audit reviews of Key Financial Systems and the Longbridge Park and Ride Income Management and Charging Arrangements.

In relation to the audit of Longbridge Park and Ride that identified one red and amber issue, the red issue relating to no evidence of a contract in place, the interim Legal Services Manager, Jayne Middleton reported that this was a historical contract and measures have been put in place to stop this happening again.

Councillor Lakha enquired as to the process for ensuring car park monies are secured noting that local authorities have experienced issues with ticket machine break-ins.

Mark Smith noted that most audit actions arising from previous recommendations had been followed up with the exception of those relating to GDPR and reported that he would like to see progress on these actions.

The Internal Audit Liaison Officer, Loraine Quibell advised that she would follow-up the actions arising from the GDPR audit noting that one action is related to the re-accreditation of cyber essentials (an update is included as part of the private agenda).

Resolved: The contents of the Internal Audit Annual Report 2021-22 be noted.

**55. 2022/23 Internal Audit Plan**

The committee considered a report of the interim Director of Law and Governance, that provided the WMCA with a risk-based internal audit plan, incorporating a strategic statement for internal audit, and based upon an assessment of assurance needs.

Peter Farrow, Internal Audit, presented the report and reported that the draft Internal Audit Plan submitted to the committee in January now included an indicative timetable on reporting dates to future meetings. He advised that dates might be subject to change but any changes would be reported to the committee.

Resolved: It be recommended to the WMCA Board that:

The Internal Audit Plan for 2022-23 be approved.

**56. Annual Auditor's Report on West Midlands Combined Authority 2020/21**

The committee considered a report of the Finance Director and Section 151 Officer that presented the West Midlands Combined Authority Auditor's Annual Report for the year ended 31 March 2021 which summarised the key findings arising from the work carried out by the external audit team at Grant Thornton.

Helen Lillington and Grant Patterson, Grant Thornton presented the report and outlined the key findings. Grant Patterson reported that the report was very positive overall and no significant risks had been identified.

It was noted that Grant Thornton proposed two improvement recommendations; one related to more explicit reporting how financial decisions impact on the performance of the Authority and other recommended that assurances be sought from members of Audit, Risk and Assurance Committee that they will attend or send a substitute (when decisions are to be taken) to ensure the meeting will be quorate.

Councillor Lakha considered the need for committee members to be incentivised to attend meetings noting that members had competing priorities with their own authority.

Grant Patterson reported that the WMCA was looking at the quoracy issue but this was complex and statutory changes would be required to change the structure.

Mark Smith noted that the WMCA's Overview and Scrutiny Committee is similarly challenged with regards to quoracy issues and as a constitutional issue this would take time to resolve.

Resolved:

1. That the Auditor's Annual Report on the West Midlands Combined Authority for the year ended 31 March 2021 and
2. The WMCA Board be recommended to approve the publication of the report on the Combined Authority's website.

**57. West Midlands Combined Authority External Audit Plan 2020/21**

The committee considered a report of the Finance Director and Section 151 Officer that provided an overview of the planned scope and timing of the statutory audit of the West Midlands Combined Authority to be undertaken by the external auditors, Grant Thornton, for the year ending 31 March 2022. The External Audit Plan for the year ending 31 March 2022 and Informing the Audit Risk Assessment for the West Midlands Combined Authority 2021/22 were appended to the report.

Grant Patterson, Grant Thornton, summarised the main themes from the External Audit Plan this included but was not limited to key matters, group scope and risk assessment, value for money arrangements and audit logistics.

In relation to Midland Metro Limited appointing auditors Williamson & Croft Audit Ltd to replace BDL who had resigned as auditors and Mark Smith's enquiry as whether there were any issues that needed to be followed-up, the Financial Controller, Louise Cowen undertook to look into the matter.

With regards to the revised and extended deadline for local authority audits to be completed by the end of November and the WMCA audit programmed to be completed by the end of September, Mark Smith asked that Grant Thornton provide clarity on the end date as early as possible so that a committee meeting could be scheduled in good time to ensure the meeting is quorate.

Resolved:

1. The External Audit Plan for the year ending 31 March 2022 presented by Grant Thornton be noted and
2. The informing the Audit Risk Assessment report for West Midlands Combined Authority 2021/22 be noted.

**58. Draft Annual Governance Statement for 2021/22**

The committee considered a report of the interim Director of Law and Governance that provided the draft Annual Governance Statement for approval.

The Annual Governance Statement is a statutory document which explains the processes and procedures in place to enable the WMCA to carry out its functions effectively as defined by CIPFA. Final approval of the 2021/22 Annual Governance Statement would be sought as part of the process of approving the annual accounts of the WMCA in due course.

The interim, Legal Services Manager, Jayne Middleton presented the report and advised the committee that as well as looking back retrospectively over the past year where the WMCA has demonstrated good governance, this year the report looks forward to areas where focus should be given in relation to governance for the coming year.

It was noted that final approval of the 2021/22 Annual Governance Statement would be sought as part of the approving the annual accounts of the WMCA in due course and whilst there is a possibility an unknown issue may arise that requires comment or inclusion within the statement, the statement is not expected to change.

Resolved: the draft Annual Governance Statement for inclusion in the 2021/22 annual accounts be agreed.

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

Resolved:

That the in accordance with Sections 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

**60. Cyber Essentials Update**

Mark Smith provided an update on the re-accreditation of the WMCA's cyber essentials and reported that a report on progress would be submitted to the next meeting.

Resolved: That the verbal report be noted.

The meeting ended at 12.10 pm.