



WEST MIDLANDS COMBINED AUTHORITY

Audit, Risk & Assurance Committee

Friday 19 January 2018 at 10.00 am

Minutes

Present

David Lane (Chair)

Councillor Craig Collingswood (Vice-Chair) City of Wolverhampton Council

Councillor Margaret Bassett

Solihull Metropolitan Borough Council

Councillor Kerrie Carmichael

Sandwell Metropolitan Borough Council

Sean Farnell

Coventry & Warwickshire LEP

Councillor Mariam Khan

Birmingham City Council

Councillor Simon Peuple

Staffordshire Non-Constituent Authorities

Councillor Alexander Phillips

Shropshire Council

Councillor June Tandy

Nuneaton & Bedworth Borough Council

In Attendance

Nicola Coombe

Grant Thornton

Louise Cowen

West Midlands Combined Authority

Linda Downes

Nuneaton & Bedworth Borough Council

Peter Farrow

City of Wolverhampton Council

Sandra Kalyan

City of Wolverhampton Council

Tim Martin

West Midlands Combined Authority

Grant Patterson

Grant Thornton

Sean Pearce

West Midlands Combined Authority

Joti Sharma

West Midlands Combined Authority

Councillor Jackie Taylor

Sandwell Metropolitan Borough Council

Lorraine Quibell

The West Midlands Combined Authority

Item Title

No.

38. Apologies for Absence

Apologies for absence were received from Councillor Sucha Bains (Coventry City Council), Keith Chambers (Walsall Metropolitan Borough Council), Steve Clark (Dudley Metropolitan Borough Council) and John Fisher (Redditch Borough Council).

39. Declarations of Interest

No declarations of interest were made in relation to matters under consideration at the meeting.

40. Chair's Remarks

The Chair reported that on 24 January 2018, the WMCA Overview & Scrutiny Committee would be holding a Question Time with the Mayor of the West Midlands on the proposed WMCA draft budget and Mayoral council tax precept. As the event would be streamed live through the WMCA Facebook page, the Governance Services Officer agreed to circulate a link to members of the committee.

The Chair indicated that he had intended on attending Overview & Scrutiny Committee on 30 January 2018, in which it would further consider its findings and recommendations to put forward to the WMCA Board in February.

41. Sean Pearce, Director of Finance

The committee received a briefing from Sean Pearce, recently appointed Director of Finance on his priorities for the WMCA and Audit, Risk & Assurance Committee.

The Director of Finance provided an update on the objectives of the WMCA Leadership Team and noted that Ben Khan, UK Head of Programme & Project Services for Arcadis had been appointed in November to undertake a review of programme assurance, governance and the project management office (PMO). The primary aim of this was to assess the organisational structure of the PMO and projects team. The review would take into consideration the observations from the recent internal audit on the investment programme assurance and governance arrangements.

In terms of attracting highly skilled people into the region, Julie Nugent, Director of Productivity and Skills was currently developing a regional strategy around skills, advanced manufacturing and the digital agenda. The WMCA had also appointed Henry Kipping, Director of Public Sector Reform.

42. Minutes of the meeting held on 17 November 2017

The minutes of the meeting held on 17 November 2017 were agreed and signed by the Chair as a correct record.

43. Matters Arising

(a) Items of Business

The Chair asked officers to ensure that in future the action points from previous meetings were responded to in the agenda or under matters arising. This was supported by Councillor Craig Collingswood.

(b) Transport for the West Midlands Network Emergency Planning (minute no. 36 refers)

The Head of Governance agreed to define the boundaries of the Combined Authority's responsibilities for members of the committee to overcome the risk of confusion between Combined Authority and local authority responsibilities.

(c) Health and Safety Reporting and Whistleblowing

The Head of Governance reported that there were no health and safety or whistleblowing issues during this period.

(d) Wolverhampton Interchange Overspend – Lessons Learned

At its meeting on 8 December 2017, the WMCA Board considered a report which confirmed that the Investment Board had considered the options for funding the Wolverhampton Interchange Project.

The Investment Board had considered the funding of this project at its meeting on 27 November and had confirmed that the WMCA's proposed additional capital contribution of £15m could be made available from within the existing Investment Programme.

The cost of the project had increased from the original estimates, and it was intended that the City of Wolverhampton Council and the WMCA would meet these increased costs equally.

A lessons learned report on the Wolverhampton Interchange Project would be considered by the Investment Board in the first instance, and would then be shared with Audit, Risk & Assurance Committee and Overview & Scrutiny Committee.

The City of Wolverhampton Council had also commissioned an audit on the project by its internal audit team and Keith Ireland, City of Wolverhampton Managing Director had agreed to share the outcome of the audit with the West Midlands Combined Authority.

Resolved

- (1) The Governance Services Officer agreed to produce an action plan to enable members to track and monitor outstanding items of business.
- (2) The Head of Governance agreed to present a governance map to enable members to identify the relationship and liaison with other Authority committees to the next meeting.
- (3) The Head of Governance agreed to circulate an organisational chart and brief summary for each Leadership Team post holder to members of the committee for information.
- (4) The Interim Head of Organisational Development was to present a written report on the capability and vacancy risks in respect of aspiration versus capability at the next meeting of the committee. The Chair had agreed to delay this by one meeting because of an unexpected leave of absence.
- (5) The committee was to receive an update from the Head of Governance about how the West Midlands Fire Authority engaged with fire authorities in Non-Constituent areas.
- (6) A lessons learned report on the Wolverhampton Interchange Project would be considered by the Investment Board in the first instance, and then shared with the Audit, Risk & Assurance Committee.

44. Forward Plans

The committee considered the plan of items to be reported to future meetings of the committee and the forward plans for the WMCA Board and Overview & Scrutiny Committee.

45. External Audit Plan

The committee considered a report of the External Auditor that provided details on the external audit plan for the financial year ending 31 March 2018. The report outlined the planned audit strategy and the work to be undertaken to provide the West Midlands Combined Authority with an opinion on the financial statements. Members also received information on how the value for money conclusion would be derived.

In terms of meeting the early close timeframe, the Director of Finance assured the committee that he was confident that all deadlines would be met.

Resolved

(1) The report be noted.

46. External Audit Plan - West Midlands Integrated Transport Authority Pension Fund

The committee considered a report of the External Auditor that provided details on the scope and timing of the statutory audit of West Midlands Integrated Transport Authority Pension Fund.

The Chair asked whether the Director of Finance could circulate a funding statement in respect of assets and liabilities to members of the committee for their information.

Resolved

(1) The report was noted.

(2) The Finance Director agreed to circulate a funding statement in respect of assets and liabilities to members of the committee for their information.

47. Internal Audit Update

The committee considered a report of the Chief Audit Executive on the work completed by internal audit so far this financial year.

The Chair asked for a more detailed report of the audits to be presented at the next meeting together with a proposed audit plan for 2018/19. There was an expectation that the draft audit plan for the following year would be presented for discussion at future January Audit, Risk & Assurance Committee meetings.

Councillor Craig Collingswood enquired as to whether the necessary checks were undertaken to ensure that the recommendations were completed. The Internal Auditor explained that all recommendations were followed up in a timely manner and where a recommendation had not been completed by its deadline date, this would be reported to Audit, Risk & Assurance Committee for consideration.

The Internal Auditor noted that, where it was thought that an implementation date was too long and had been challenged by internal audit, this would be demonstrated within future reports to the committee.

In respect of the Investment Programme, the Director of Finance commented that the WMCA Board had approved that all existing programmes within the Investment Programme that had not reached contract award stage would be re-scheduled rather than re-ranked as indicated within the report. The Internal Auditor agreed to update the report accordingly.

Resolved

- (1) The contents of the latest Internal Audit report be noted.
- (2) A detailed report of the audits to be presented to the next meeting together with a proposed audit plan for 2018/19. There was an expectation that the draft audit plan for the following year would be presented for discussion at future January meetings of the committee.
- (3) The Chair to be briefed and consulted on the Internal Audit priorities before these were presented to Audit, Risk & Assurance Committee and agreed within the WMCA.

48. Strategic Risk Register

The committee considered a report of the Director of Finance on the Strategic Risk Register.

The Corporate Risk and Business Assurance Specialist agreed to include a column showing the travel of risk in future reports. It was noted that the Strategic Risk Register was reviewed by the WMCA Leadership Team on a quarterly basis.

In addition to the implications of Brexit, the collapse of Carillion and the impact of this would be included on the Risk Register. The Chair had asked officers to now propose changes to the Audit, Risk & Assurance Committee forward plan for the next meeting based on this Strategic Risk Register.

Resolved

- (1) The contents of the Strategic Risk Register be noted.
- (2) Officers to propose changes to the committee's forward plan at the March meeting based on the priorities identified in the Strategic Risk Register.

49. WMCA Arm's Length Companies Checklist - Jan 2018

The committee considered a report of the Director of Finance that provided an updated checklist for Members to consider. The checklist had been updated and had incorporated some of the member's additions since the initial review in November 2017.

Sean Farnell considered that the checklist should also include reference to cyber security and General Data Protection Regulation to ensure that satisfaction was received. The Corporate Assurance Manager agreed to update the checklist as discussed at the meeting.

Resolved

- (1) The checklist that was to be used to seek confidence in assurance arrangements for arm's length companies related to the West Midlands Combined Authority be agreed, subject to regular review, it being used in the setting up of the arm's length body and annual, signed submission with the Annual Governance Statement from the arm's length body.

50. Delivery of Devolution 1 & Devolution 2 Update

The committee received a verbal update from the Head of Governance on Devolution 1 and Devolution 2.

The Head of Governance provided an overview of the monitoring arrangements for Devolution 1 and noted that work continued on Devolution 2. The committee asked the Head of Governance to provide a written report on Devolution 1 and 2 at the March meeting, in particular on performance against the objectives and how the money had been spent.

Resolved

- (1) The verbal report was noted.
- (2) The Head of Governance to submit a written report on Devolution 1 and Devolution 2 at the next meeting of the committee, in particular on performance against the objectives and how the money had been spent.

51. Exclusion of the Public and Press

Resolved

- (1) That, in accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it involves information relating to an action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

52. Cyber Security Presentation

The committee received a presentation from the Cyber Security Specialist on cyber security and General Data Protection Regulation.

The committee noted that the West Midlands Combined Authority had completed a penetrating exercise on its systems and had requested a summary on the outcomes.

The Cyber Security Specialist provided an update on collaborative working, information sharing and the completion of a gap analysis.

Resolved

- (1) The Cyber Security Specialist to provide a written update on the recent penetration testing exercise undertaken on WMCA systems.
- (2) The Head of ICT to provide an update in respect of the completion dates identified within the report which seemed too long in to the future to be giving confidence that the risk was a priority.
- (3) It be agreed that cyber security would continue to be a priority area of Audit, Risk & Assurance Committee interest and an update paper in May would be expected.

53. Friday 16 March at 10:00am

The next meeting would be held on Friday 16 March 2018 at 10:00am.

The meeting ended at 12.10 pm.