



WEST MIDLANDS COMBINED AUTHORITY

Audit, Risk & Assurance Committee

Thursday 21 June 2018 at 10.00 am

Minutes

Present

David Lane (Chair)

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

Councillor Kerrie Carmichael

Sandwell Metropolitan Borough Council

Councillor Alexander Phillips

Shropshire Council

Councillor Ian Robertson

Walsall Metropolitan Borough Council

Councillor June Tandy

Nuneaton & Bedworth Borough Council

Sarah Windrum

Coventry & Warwickshire LEP

In Attendance

Councillor Joe Roberts

Dudley Metropolitan Borough Council

Councillor Jackie Taylor

Sandwell Metropolitan Borough Council

Item No.

75. Inquorate Meeting

Please note that in accordance to the WMCA Constitution, this meeting was inquorate. However, the recommendations contained within the minutes were submitted to the WMCA Board on 20 July 2018 for formal approval and adoption.

76. Apologies for Absence

Apologies for absence were received from Councillor Keith Chambers (Walsall Metropolitan Borough Council), Councillor Steve Clark (Dudley Metropolitan Borough Council), Sean Farnell (Coventry & Warwickshire LEP), John Fisher (Redditch Borough Council).

77. Declaration of Interest

Councillor Alexander Phillips declared a personal interest in minute no. 84 in respect of his membership of the Shropshire Fire & Rescue Authority.

78. Minutes of the meeting held on 16 March 2018

The minutes of the meeting held on 16 March 2018 were agreed and signed by the Chair as a correct record.

79. Matters Arising

(a) Data Security Arrangements 2017-18

The Director of Finance confirmed that all relevant information security

documentation was now ratified and published on the West Midlands Combined Authority's Sharepoint Intranet Policies and Procedures page specifically Information Security Policy, Information Classification Policy, Information Security Acceptable Use Policy and Security Operating Procedure, Mobile Device Security Operating Procedure, Internet and Email Use Policy, Information Risk Management Policy and Information Risk Management Procedure.

80. Forward Plan

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

With regard to Wolverhampton Interchange Project, the Chair requested that the committee received the recommendations of the Investment Board together with the findings from the City of Wolverhampton Council at its next meeting.

The Chair asked the Director of Finance to extend an invitation to the Mayor to attend a question and answer session with Audit, Risk & Assurance Committee. The Director of Finance agreed to take this forward.

Resolved

(1) That the report be noted.

81. Strategic Risk Register

The committee considered a report of the Director of Finance that supported the committee with its responsibility of providing oversight of risk management within the West Midlands Combined Authority.

Councillor Craig Collingswood enquired about resources and the number of outstanding vacancies within the West Midlands Combined Authority. The Director of Finance clarified the number of vacancies within the organisation and assured the committee that the Authority's Leadership Team monitored the number of vacancies on a regular basis and its impact on the outputs of the organisation. The WMCA's HR Team had a plan to manage key recruitment requirements to meet 2018/19 expectations.

In addition to monitoring and addressing the risk of growth, Councillor Alexander Phillips added that the WMCA also needed to consider the risk of a recession to enable it to be in a good place to address the issues that may arise.

It was considered that the Strategic Risk Register should be presented to the next meeting of the committee for further review. Members of the committee considered that the Strategic Risk Register had become too high level and hoped that the risks and mitigation's were more granular when presented to them in September 2018.

Resolved

(1) That the content of the strategic risk register be noted.

- (2) That the risk register be presented to the next meeting of the committee for further review.

82. WMCA Constitution Review Update

The committee received an update of the Head of Governance on the review of the WMCA Constitution.

The Head of Governance indicated that a draft version of the revised constitution would be available in the autumn and would be presented to the WMCA Board for adoption. The Chair asked for any changes relating to governance be presented to Audit, Risk & Assurance.

The Chair agreed to send a formal letter to the Head of Governance regarding the secondary legislation that required the Audit, Risk & Assurance Committee to have two thirds attendance of its nominated membership to be quorate. The letter was to be used by the Head of Governance in his discussions with the Ministry of Housing Communities & Local Government.

It was noted that member's attendance information was available via the WMCA's website.

Resolved

- (1) That the update be noted.

83. Review of Arrangements for Standards and Conduct in the Combined Authority

The committee considered a report of the Clerk and Monitoring Officer on the review of the arrangements that had been put in place at the inception of the Combined Authority to discharge the responsibilities for standards and conduct.

The Localism Act required the appointment of an Independent Person to be consulted in the case of a complaint being considered both by the Authority and by the subject Member in the complaint. The Independent Person would assist and offer advice. The Monitoring Officer proposed that the selection of an Independent Person be made in consultation with the Chair and Vice-Chair of the committee.

There were also individuals working within the WMCA who were not covered by the Code of Conduct for elected members and therefore it was proposed that a document was to be produced that reflected the basic Code of Conduct, in which these individuals would have to sign up to. Councillor Craig Collingswood enquired about these appointments and how they were appointed on to boards. The Head of Governance agreed to provide an update at the next meeting.

Resolved

- (1) That the information within the report be noted.

- (2) That the Monitoring Officer be authorised to make arrangements for the selection of an Independent Person(s) in consultation with the Chair and Vice-Chair of the committee.
- (3) That the Monitoring Officer finalise the arrangements for a Code of Conduct to cover individuals working within and contributing to the WMCA governance structures who were not covered by the Code of Conduct for Elected Members.
- (4) That an update on the actions agreed be provided at the next meeting of the committee.

84. Devolution Deal - Update on Changes to Fire Service Governance

The committee considered a report that provided an update on the changes to the governance model for the fire service.

The Head of Governance provided further information concerning the TUPE transfer arrangements and discussions that had been held regarding the significant changes that were currently taking place within the fire service.

With regard to the funding for the West Midlands Fire & Rescue Authority, the Chair highlighted that if there were any changes to this the Audit, Risk & Assurance Committee needed to receive an update during the process to ensure that there was no risk involved. The Director of Finance proposed that this be reflected within the risk register.

The Monitoring Officer agreed to meet with the Chair during September to discuss how the Audit function for the West Midlands Fire & Rescue Authority should be absorbed by the Audit, Risk & Assurance Committee post April 2019.

[Councillor Alexander Phillips declared a personal interest in this item as he was a member of Shropshire Fire & Rescue Authority]

Resolved

- (1) That the updated be noted.

85. Internal Audit Update

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

Resolved

- (1) That the contents of the latest internal Audit Update report be noted.

86. Investment Portfolio Governance Audit Update 2018

The committee considered a report of the Director of Finance on the progress being made against the original recommendations in the Internal Audit review of Investment Portfolio Governance Arrangements for Programme Approval & Appraisal.

The Director of Finance provided an update on the work undertaken by Arcadis and the developments to date. The Chair proposed that a further conversation was to be had with himself and the Vice-Chair concerning the process and governance changes.

Resolved

- (1) That the progress made to date against the original actions in the Internal Audit findings, detailed in the report, be noted.
- (2) That the timescales for completion of recommendations from Arcadis review within section 3 of the report be noted.
- (3) That the detailed review of Investment Portfolio governance and control processes undertaken by Arcadis be noted.

87. Annual Accounts 2017/18 for West Midlands Combined Authority

The committee considered a report of the S151 Officer to the Combined Authority on the Annual Accounts of the West Midlands Combined Authority and the West Midlands Integrated Transport Authority Pension Fund for the financial year ended 31 March 2018.

In addition to the WMCA Annual Accounts and Pension Fund Accounts, the committee also received a summary of the Audit Findings, the Audit Findings for both the WMCA and the Integrated Transport Authority Pension Fund and letter of representations.

The Director of Finance thanked Grant Thornton and colleagues within the WMCA Finance Team on the work undertaken on the accounts in such a short period of time and noted that the speed and quality of the accounts was excellent. The Head of Finance added that the Authority would continue to work within these timescales in the future and explained that a lessons learnt exercise would be undertaken to improve the process going forward.

It be recommended to the WMCA Board that:

- (1) The Director of Finance sign the letter of representation for WMCA and the West Midlands Integrated Transport Authority Pension Fund.
- (2) The annual accounts of the WMCA and the West Midlands Integrated Transport Authority Pension Fund be approved.
- (3) The Audit Findings report presented by Grant Thornton be noted.
- (4) Grant Thornton propose to issue an unqualified audit opinion on these accounts be noted.
- (5) Subject to there being no further issues raised by Grant Thornton, the Mayor and the Director of Finance be authorised to sign the accounts on behalf of the West Midlands Combined Authority.

88. Exclusion of the Public and Press

Resolved that in accordance with section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business as it involved the likely disclosure of exempt information as specified in paragraph 5 of the Act.

89. Health & Safety Governance Structures

The committee considered a report of the Director of Integrated Network Services that provided an overview of the current Governance Structure of health and safety within the West Midlands Combined Authority in addition to the boards and committees that were responsible for the effective administration of health and safety within the organisation.

The Internal Auditor explained that an audit on health and safety was currently underway and provided further details on the different elements of the audit. The Chair sought assurances from the Internal Auditor as to whether health and safety issues were being monitored at the appropriate level within the organisation, and whether the committee could release its responsibility in this area. The Internal Auditor undertook to look into this further.

The Chair requested that the proposals on how the WMCA would absorb the health and safety agenda in respect of the fire authority to be presented to its January 2019 meeting.

Resolved

- (1) That the information regarding the West Midlands Combined Authority health and safety governance structures be noted.

The meeting ended at 12.05 pm.