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**West Midlands
Combined Authority**

Audit, Risk & Assurance Committee

Friday 21 September 2018 at 10.00 am

Minutes

Present

David Lane (Chair)

Councillor Tom Baker-Price

Councillor Craig Collingswood

Sean Farnell

Councillor Michael Gough

Councillor John O'Shea

Councillor Alexander Phillips

Worcestershire

Authorities

City of Wolverhampton Council

Coventry & Warwickshire LEP

Solihull Metropolitan Borough Council

Birmingham City Council

Shropshire Council

Non-Constituent

Item Title

No.

90. Inquorate Meeting

The Governance Services Manager reported that, in accordance with the WMCA's constitution, the meeting was inquorate. The recommendations contained within the minutes would be submitted to the WMCA Board on 9 November 2018 for formal approval and adoption.

91. Appointment of Vice-Chair for 2018/19

It be recommended to the WMCA Board:

That Councillor Craig Collingswood be appointed Vice-Chair of the committee for 2018/19.

92. Apologies for Absence

Apologies for absence were received from Councillor Sucha Bains (Coventry), Councillor Kerrie Carmichael (Sandwell), Councillor Stephen Craddock (Walsall) and Councillor June Tandy (Nuneaton & Bedworth).

93. Chair's Remarks

(1) New Committee Membership

The Chair welcomed Councillor Tom Baker-Price, Councillor Michael Gough and Councillor John O'Shea to their first meeting of the Audit, Risk & Assurance Committee.

(2) Agenda Planning

The Chair expressed his disappointment that the agenda for this meeting had been lighter than he might have been expecting, and stressed the need to ensure that the items of business to be

discussed were engaging and substantive, which he considered would help with encouraging member attendance.

94. Minutes of the meeting held on 21 June 2018

The minutes of the meeting held on 21 June 2018 were agreed as a correct record.

95. Matters Arising

(a) **Q&A Session with the Mayor** (minute no. 80)

The Chair requested an update on an invitation being extended to the Mayor to attend a Q&A session with members of this committee. The Director of Finance reported that the Mayor was to be invited to the next meeting of the committee on 12 November.

(b) **Strategic Risk Register** (minute no. 81)

Councillor Craig Collingswood expressed his disappointment that the strategic risk register had not been included on the agenda for this meeting, contrary to the undertaken given at the last meeting. This was concerning, given the corporate importance of the risk register and that members would not have seen the register for five months by the time it was reported to the November meeting.

The Corporate Assurance Manager apologised for this omission. Significant work had been undertaken during the summer, with further work planned for October/November, to review and refine the strategic risk register. The Director of Strategy and newly-appointed Investment Programme Risk Manager were involved in the work to strengthen risk assessment within the organisation, which would result in a more robust risk register.

Members noted this explanation and agreed that the strategic risk register should become a standing item on the agenda of all future meetings of the committee. It was further agreed that reports were no longer to be removed from meeting agendas once that had been scheduled onto the committee's forward plan.

(c) **Whistleblowing**

The Chair relayed from the Monitoring Officer that there were no matters to be brought to the attention of the committee.

(d) **Governance Update - West Midlands Fire Authority and West Midlands Police & Crime Commissioner**

The Chair relayed an update from the Monitoring Officer on recent developments relating to the proposed governance changes affecting the West Midlands Fire Authority and the West Midlands Police & Crime Commissioner.

The WMCA Board considered a report at its meeting on 14 September. It was now expected that the final draft Order would be laid before Parliament later in the month. In respect of the arrangements for the audit oversight of the fire service functions, detailed discussions were soon to commence which would involve the

Chair of this committee as appropriate.

Work was also being undertaken in respect of Police & Crime Commissioner governance, although this was at an earlier stage due to the combined role not being planned for until May 2020. It was likely that the audit arrangements would remain unchanged, which would therefore require this committee to establish a relationship with the police audit committee.

The Chair reported that he intended this committee should give further oversight to the resources allocated by the WMCA for development of the proposals connected with the Police & Crime Commissioner, to ensure that they were sufficient for the complex work being undertaken, but also did not result in resources being withdrawn from other key workstreams. This committee should also be seeking further detail on the implementation plan that would oversee the merger of the fire authority and the combined authority. Members of the committee supported these approaches.

[Councillor John O'Shea declared a personal interest in this item as he was the chair of the West Midlands Police & Crime Panel.]

(e) **Quorum Requirement for Audit and Scrutiny Committees**

The Chair reported that the unusually high quorum set for combined authority audit and scrutiny committees within secondary legislation had been raised with officials from the Ministry of Housing, Communities & Local Government. This was proving to be a difficulty for all combined authorities. Civil servants had undertaken to look at this issue again when legislative time became available.

(f) **Health and Safety Update**

The Chair reported that the Monitoring Officer had informed him that that there were no health and safety issues requiring the attention of this committee. Unfortunately, there had been one recent death at a bus station, but an inquest had recorded the death as suicide.

(g) **Standards Update** (minute no. 83)

The Chair indicated that a report would be submitted to the next meeting on 12 November on progress in developing a code of conduct for individuals not covered by a code of conduct for elected members, along with details of how this committee might seek to further promote high standards of conduct amongst its members.

96. Forward Plan

A forward plan of items to be reported to future meetings of the committee was noted. In respect of a report on the implications of Brexit on the combined authority that was to be submitted to the meeting on 12 November, it was agreed that this would now be considered at the meeting on 14 January 2019 when there was expected to be more clarity regarding the UK's future relationship with the European Union and the impact this would have on the WMCA.

97. External Audit of West Midlands Rail Ltd - Briefing Note

The committee considered a briefing note from the Head of Finance & Business Planning that provided an explanation as to why the West Midlands Rail Ltd Board agreed at a meeting on 19 June not to undertake an external audit on the company's accounts. This was due to WMR Ltd meeting all of the exemption criteria for a limited company, that it used the systems/processes of the WMCA which were already subject to external audit, and the costs of undertaking an external audit were prohibitive and did not represent value for money given the size and scope of WMR Ltd.

Councillor Alexander Phillips noted that the lack of an external audit might be viewed as unusual by some observers, although the Head of Finance & Business Planning indicated that this was due to the company starting mid-year, and it was fully expected that an external audit would take place in 12 months time. Grant Paterson, Director, Grant Thornton, confirmed that there was no legal requirement to undertake an external audit and it was a matter of judgement as to whether one was carried out.

It was recommended to the WMCA Board that:

- (1) The decision of the WMCA's s151 Officer not to undertake an audit of West Midlands Rail Ltd for 2017/18 only be noted.

98. Annual Audit Letter - Year Ending 31 March 2018

The committee considered the WMCA's Annual Audit Letter for the year ending 31 March 2018 that had been prepared by Grant Thornton. This summarised the key findings arising out of the work carried out at the combined authority and provided a commentary on the results of this work.

The Annual Audit Letter confirmed the unqualified opinion on the WMCA's financial statements and the unqualified opinion on the pension fund accounts of the West Midlands Integrated Transport Authority Pension Fund. However, it was not possible to certify the conclusion of the audit as it was necessary to give an opinion on the consistency of the pension fund financial statements. Grant Patterson indicated that he would confirm with the Director of Finance when this had been done.

In respect of a programme of training for committee members, Grant Patterson and Linda Horne undertook to prepare a programme of training sessions for the remainder of the year, which they would share with the Chair and then circulate it the members of committee for information.

It was recommended to the WMCA Board that the report be noted.

99. General Data Protection Regulation (GDPR) Update

The committee considered a report from the Data Protection & Information Sharing Officer on an update on how the WMCA was meeting its responsibilities and compliance with the Data Protection Act 2018.

The General Data Protection Regulations (GDPR) came into force on 25 May and the report provided details of the activity that was undertaken leading up to GDPR going live, along with the post-introduction compliance.

The Data Protection & Information Sharing Officer confirmed that action points in the appendix scheduled for completion by 30 September were all expected to be concluded within that timescale. The Chair requested that a note be sent to him by this deadline confirming whether there were any actions that had not been able to be completed.

Councillor Alexander Phillips noted that within the GDPR Gap Analysis Action Plan, 36 recommendations were identified as 'high priority', suggesting that this categorisation was being over-used and not reflecting where priorities should be properly focussed. The Data Protection & Information Sharing Officer confirmed that the prioritisations were set some time ago and would benefit from being reviewed. Grant Paterson enquired as to the arrangements for subsidiary companies. The Data Protection & Information Sharing Officer explained that where these companies were wholly owned by the WMCA, he was the data protection officer for these companies too. Typically this meant that the WMCA was registered with the Information Commissioner's Office as the data controller for companies the WMCA had a greater than 50% stake in. For companies where this was not the case, he worked closely with their officers to ensure arrangements for data sharing were adequate.

The Data Protection & Information Sharing Officer confirmed that a further update report would be submitted to the meeting of this committee on 14 January 2019.

It was recommended to the WMCA Board that the report be noted.

100. Internal Audit Update

The committee considered a report from the Chief Audit Executive setting out the work completed by internal audit during the current year.

It was expected that audit reviews on health & safety and asset management would be submitted to the meeting of the committee on 12 November, and work was also underway on the audit of business continuity arrangements. Sean Farnell noted that a further nine audit reviews were scheduled to be submitted to the committee before the end of 2018/19. The Head of Audit confirmed that this work was scheduled and was expected to be delivered. The Chair welcomed this assurance, and stressed the importance of ensuring that the submission of the reports were evenly spread across the year wherever possible so as to enable members to give each report proper consideration.

It was recommended to the WMCA Board that the report be noted.

101. Self Assessment Exercise

The committee considered a report from the Chief Audit Executive on proposals for members of the committee to carry out a review of its performance and effectiveness, in accordance with the Chartered Institute of Public Finance and Accountancy's guidance. The self-assessment covered three areas:

- Self-assessment of good practice

- Knowledge and skills framework
- Evaluating the effectiveness of the Audit, Risk & Assurance Committee

The results would be anonymised, summarised and presented to a future meeting, as well as helping to inform a structured future training programme.

It was recommended to the WMCA Board that members of the committee complete the documents circulated to them as part of the self-assessment exercise.

102. Monday 12 November 2018 at 10.00am

The date of the next meeting was noted.

The meeting ended at 12.00 pm.