

# Public Document Pack



West Midlands  
Combined Authority

## Audit, Risk & Assurance Committee

Monday 15 April 2019 at 2.00 pm

### Minutes

#### Present

David Lane (Chair)

Councillor Adam Aston

Councillor Tom Baker-Price

Councillor Kerrie Carmichael

Councillor Craig Collingswood

Sean Farnell

Councillor Michael Gough

Councillor John O'Shea

Councillor June Tandy

Councillor Vera Waters

Dudley Metropolitan Borough Council  
Worcestershire Non-Constituent  
Authorities

Sandwell Metropolitan Borough Council

City of Wolverhampton Council

Coventry & Warwickshire LEP

Solihull Metropolitan Borough Council

Birmingham City Council

Nuneaton & Bedworth Borough Council

Walsall Metropolitan Borough Council

#### In Attendance

Chief Executive, West Midlands  
Combined Authority

#### Item Title No.

#### 133. Apologies for Absence

Apologies for absence were received from Councillor Richard Brown (Coventry City Council) and Councillor Alexander Phillips (Shropshire Council).

#### 134. Chair's Remarks

- Chair briefed members in the pre-meeting on the administration of the WMCA Ring and Ride Service.
- An overview was provided on the Centre for Public Scrutiny work being undertaken with the WMCA Overview & Scrutiny Committee.
- Ian Martin had been newly appointed as the Director of Investment and Commercial Activities.

#### 135. Minutes of the meeting held on 14 January 2019

The minutes of the meeting held on the 14 January 2019 were agreed as a correct record.

#### 136. Matters Arising

##### (a) Whistleblowing

The Monitoring Officer advised the committee of the notification received regarding a whistleblowing disclosure. The disclosure would

be investigation, with the chair and committee being kept up to date as appropriate.

**(b) Adult Education Budget Conflict of Interest**

Further to a concern raised at the previous meeting regarding the risk flagged in relation to conflict of interest, it was noted that members received a briefing note on the 26 February 2019 advising them of how the risk arose and the actions followed to address the conflict.

**137. Forward Plan**

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

The Chair requested the following items be added to the forward plan:

- A full report on the roles and responsibilities of each board and committee to be provided in June 2019.
- Summary note on any key financial issues and financial monitoring position to be provided at every committee.
- Update on the Corporate Services Review
- Gateway Process used by WMCA to be presented in June 2019.

Resolved:

- (1) Items of business to be reported at future meetings be noted.

**138. Deborah Cadman Chief Executive**

The committee received a brief overview from Deborah Cadman, Chief Executive, on:

- her views and thoughts on organisational capacity and capability to deliver the ambitions of the region
- summary of delivery for 2019
- how the Senior Leadership Team was continuing to develop and evolve, challenges
- emerging concerns that the committee had in terms of budget availability and overspends
- strategic risk register
- challenges and risks facing the WMCA over the coming year
- preparation in regards to the Mayoral Elections 2020

Deborah Cadman provided the committee with assurance that herself and the Senior Leadership Team reviewed the Strategic Risk Register on a quarterly basis and would continue to do so. The Chair would be invited to a session whereby the Senior Leadership Team reviewed the Register. Councillor John O'Shea highlighted concerns relating to the Commonwealth Games risk and sought assurance that the budgets were now balanced with the funding expected. Deborah Cadman commented that the finances were now clearer through the confirmation of the budget draw down process, however the risk and impact associated to Brexit would ensure that the budget for the Commonwealth Games would be regularly reviewed.

**139. Arm's Length Companies: Proposed Audit Arrangements**

The committee received a briefing note summarising the intended audit governance for the WMCA Arm's Length Companies.

It was noted that the committee would receive an update on the governance and assurance arrangements for West Midlands 5G as well as an update on the review being undertaken for West Midlands Growth Company.

Resolved:

- (1) The status of the WMCA's Arm's Length Companies be noted.
- (2) The intended audit arrangements for each of the WMCA's Arm's Length Companies be noted.

**140. WMCA Strategic Risk Register**

The committee received a summary of the current status of key risks considered by the Senior Leadership Team as captured within the strategic risk register. It was noted that the risk/impact scoring of each risk was under review and this would be updated for the June meeting to remove the potential for optimum bias.

It was noted that the most significant risk remained the finance risk relating to the Investment Programme, however a clear mitigation plan had been identified

Resolved:

- (1) The strategic risks contained within the WMCA Strategic Risk Register be noted.
- (2) The strategic risk register would return at the June ARAC with risk scoring updated.

**141. Internal Audit Plan 2019 - 2020**

The committee considered the Internal Audit Plan for 2019-2020 for approval. It was noted that further to the request of committee at its meeting in January 2019, a further column identifying the scheduling for each of the audit had been included to the plan.

Further to the Chair's request, it was noted that the Head of Audit would continue to work in partnership with the senior leadership team to ensure that the plan would be worked through to its intended timescale.

Resolved:

- (1) The Internal Audit Plan for 2019-2020 be approved.

**142. Internal Audit Annual Report 2018/19**

The committee received the Annual Internal report which summarised the work completed by Internal Audit during 2018/19. Twelve pieces of audit work had been completed in 2018/19. It was however noted that some reviews were still in the process of being concluded. The key area of improvement required was around the need for management to plan

appropriate and timely actions to implement the recommendations.

It was agreed that the Chair would write separately to the Chief Executive requesting written assurance that herself and the Senior Leadership Team would work towards ensuring such delays would not continue into the implantation of recommendations for 2019/20 and beyond.

Resolved:

- (1) The contents of the Internal Audit Annual Report 2018-2019 be noted.

**143. WMCA Annual Governance Statement**

The committee received a report on the draft Annual Governance Statement for consideration and the approval of sections 3 to 9 of the report. It was noted that approval for the final Annual Governance Statement would be sought in June 2019.

The Monitoring Officer provided an overview on how the WMCA demonstrated and complied with the requirements of the governance framework. An action plan was also presented outlining the actions to address the significant governance issues.

As noted in appendix 2, the committee received an update in relation to the Ring and Ride supplier / contractor failure to ensure them that appropriate steps had been taken.

Resolved:

- (1) The draft Annual Governance statement be approved.

**144. Health and Safety Audit Update**

The committee received a report from the Director of Integrated Network Services on the progress made against recommendations identified within the Internal Audit Report in relation to the health & safety arrangements.

It was noted that further progression had been made towards completion of the recommendations, therefore was agreed that the committee no longer required updates from Health & Safety in terms of the audit recommendations.

Resolved:

- (1) The further update on progress made against recommendations identified during the Internal Audit of Health and Safety Arrangements conducted by City of Wolverhampton Council Audit Service be noted.
- (2) That ARAC would no longer need regular reports on health & safety events as these would be taken and reviewed elsewhere.

**145. Informing the Audit Risk Assessment**

The committee considered the Grant Thornton report that accompanied the Audit Progress Report and Sector Update on the progress in delivering its responsibilities as the WMCA's external auditors.

Resolved:

- (1) That the contents of the report be noted.

**146. Audit Progress Report and Sector Update**

The committee considered a report from Grant Thornton on the progress in delivering its responsibilities as the WMCA's external auditors.

Resolved:

- (1) The report be noted.

**147. Constitution and Governance Review Progress and Update on Police and Crime Commissioner and Fire Governance Proposals**

The committee received an update on the progress being made on the review of the constitution and review of governance within the WMCA. A position statement on the stage reached in regards to the proposals for the transfer of Police & Crime Commissioner and Fire Authority governance following WMCA Board on 22 March 2019 was also provided.

The committee heard that the CA Board had rejected the proposal for the transfer of the Police and Crime Commissioner and this initiative was not considered to be closed. The CA Board continued to support the transfer of the Fire Authority governance and this now seemed to have overcome the concerns that arose in the wording of the Order necessary for the transfer. The current assumption was that this transfer would happen in or around October 2019.

The Chair raised concerns over the risks and implications with a potential commencement date of October 2019 for the transfer of Fire Authority governance and also requested assurance that this committee was included within the consultation process of the proposals.

Resolved:

- (1) The information contained in the report and the position regarding Police & Crime Commissioner and Fire Governance proposals was noted.

[nb: Councillor Adam Aston declared that he was Chairman on the Governance and Transformation Committee at West Midlands Fire Authority and Councillor John O'Shea declared that he was Chair of the West Midlands Police & Crime Panel.]

**148. Friday 21 June 2019 at 10.00am**

Date of the next meeting was noted.

The meeting ended at 3.40 pm.

This page is intentionally left blank