



Audit, Risk & Assurance Committee

Monday 13 January 2020 at 10.00 am

Minutes

Present

David Lane (Chair)	
Councillor Ram Lakha (Vice-Chair)	Coventry City Council
Councillor Ahmad Bostan	Sandwell Metropolitan Borough Council
Councillor Alan Butt	City of Wolverhampton Council
Sean Farnell	Coventry & Warwickshire LEP
Councillor Michael Gough	Solihull Metropolitan Borough Council
Councillor Alan Taylor	Dudley Metropolitan Borough Council

In Attendance

Peter Farrow	City of Wolverhampton Council
Julia Goldsworthy	West Midlands Combined Authority
Jacqueline Homan	West Midlands Combined Authority
Linda Horne	West Midlands Combined Authority
Sandra Kaylan	City of Wolverhampton Council
Ian Martin	West Midlands Combined Authority
Tim Martin	West Midlands Combined Authority
Grant Patterson	Grant Thornton
Hardial Phull	West Midlands Combined Authority
Lorraine Quibell	West Midlands Combined Authority

Item Title
No.

195. Inquorate Meeting

The Monitoring Officer 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 14 February 2020 for formal approval and adoption.

196. Apologies for Absence

Apologies for absence were received from Councillor Fred Grindrod (Birmingham City Council), Councillor Alexander Phillips (Shropshire Council) and Councillor June Tandy (Nuneaton & Bedworth Borough Council).

197. Declarations of Interest

Councillor Alan Taylor reported that he was a member of Transport Delivery Committee.

198. Minutes - 12 November 2019

The minutes of the meeting held on the 12 November 2019 were agreed as a correct record.

199. Chair's Remarks

(a) Overview & Scrutiny Committee

The Chair reported that the Overview & Scrutiny Committee would be undertaking a review of governance and that he had been asked to give evidence to the group undertaking this review. He also reported that the Overview & Scrutiny Committee had raised questions over transparency and the public availability of performance data, and he had therefore shared the Performance Management and Reporting report with the chair of that committee for information.

(b) Commonwealth Games Assurance Forum

The Chair reported that Peter Farrow had received an invitation from the Department for Digital, Culture, Media & Sport to be a part of its assurance forum for the Commonwealth Games and would therefore be well placed to report back to this committee on any issues related to this at future meetings.

(c) CIPFA Treasury Management Guidance

The Chair informed the committee of changes relating to accounting recommendations whereby it would now have responsibility for review, commentary and consideration of the treasury management strategy before approval was sought at WMCA Board.

200. Matters Arising

(a) Whistleblowing

The Monitoring Officer advised the committee of a whistleblowing notification received since the last meeting. However, upon investigation, this was determined to be an internal matter and would be resolved through internal processes. The Chair confirmed he has been advised of this incident.

201. Forward Plan

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

Resolved:

The items of business to be reported at future meetings be noted.

202. WMCA Assurance Overview January 2020

The committee considered a report updating it on project and programme assurance and Arms' Length Companies. The report sought a deferral of a summary of Arm's Length Companies compliance with a pre-agreed checklist until April 2020, due to the information requiring validation.

The committee also considered information on a newly develop toolkit to enable objective assessment of project performance throughout the project lifecycle. It was noted that the development of the new toolkit mean that the Programme Assurance team would in a transitional phase, and therefore an

implication of this would be that information previously held of project performance may not directly be translatable into the new assurance reporting. Therefore, the Chair requested that an update was provided on whether there might be any trend risks which might be missed because of the break in historical data at its meeting on 21 April. Sean Farnell suggested that during the transitional phase both systems should be run in parallel.

Recommended to the WMCA Board:

- (1) The reporting capability from a refreshed Programme Assurance toolkit be noted and the recommendations in the summary section relating to future trend analysis reporting of project/programme performance information be approved.
- (2) The capability an Integrated Assurance and Approval Plan would give the WMCA in focussing assurance activities across a 'three lines of defence' model, taking into consideration the spectrum of risk, be noted.
- (3) The report on the compliance of Arms' Length Companies with the WMCA's pre-agreed checklist be deferred until the meeting of the committee being held on 21 April 2020.

203. Internal Audit Update

The committee considered a report updating it on the work completed by Internal Audit and noted the amendments to the Internal Audit Plan 2019-20 related to an additional review being undertaken on Accessible Transport Group (Ring & Ride) and the Mayoral Election 2020 Preparedness. The committee was provided with a brief overview of the Governance Arrangements 2018-19 audit, appended to the report, and the recommendation relating to this committee producing an annual report detailing the work it had undertaken.

In relation to the follow up audit reports for both National Fraud Initiative 2017- 18 and IR35 2017-18, Sean Farnell highlighted his concern at the outstanding 'amber' recommendations and sought clarity as to when those recommendations would be implemented. The Director of Finance clarified the reasons for the delay in implementing these recommendations and stated, as the Responsible Officer for ensuring implementation, she was comfortable with the position of these recommendations. The Chair requested that a short briefing note be circulated to members to confirm that those 'amber' recommendations had been implemented ahead of the meeting on 21 April 2020.

Resolved:

The contents of the latest Internal Audit Update report be noted.

204. Draft Internal Audit Plan 2020-21

The committee considered the draft internal audit plan for 2020-21. The report outlined the methodology behind the proposals of the draft internal audit plan, being based on high risk areas to the organisation and ensuring

that coverage across all service areas of the organisation was considered. It was noted that the Senior Leadership Team had been consulted as part of the development of the draft risk-based internal audit plan, and the Monitoring Officer confirmed that good engagement had taken place with all the directors ensuring their requirements were considered within the proposals. The Chair also confirmed that he had been involved in the development of the draft internal audit plan.

The Chair noted that after the mayoral election in May, the draft internal plan 2020-21 would be reviewed due to any potential changes and to ensure it remained valid and appropriate. Any proposed changes would be brought back to committee for review, comment and consideration. To ensure that internal audit plan was kept current and up to date, the Head of Audit confirmed that the strategic risk register was regularly considered in relation to the internal audit plan which might be amended as appropriate.

Resolved:

The draft Internal Audit Plan for 2020-21 be noted prior to its approval at the meeting of this committee on 21 April 2020.

205. External Audit Plan and Informing the Audit Risk Assessment 2019/20 for West Midlands Combined Authority

The committee considered Grant Thornton's proposed external audit plan. The committee also received the Informing the Audit Risk Assessment report. Grant Patterson advised the committee of a change to the audit team in that Helen Lillington was taking over from Nicola Coombe as audit manager.

In relation to the external audit plan, ARAC were reminded that the West Midlands Integrated Transport Authority Pension Fund would no longer be audited separately, and therefore the 19/20 Plan presented focused on the combined authority and group accounts. The Chair requested that the Director of Finance include a narrative referencing the work undertaken to cover risk during the period of uncertainty within the annual accounts.

Grant Patterson indicated that the purpose of the report was to ensure that there was an effective two-way communication between the West Midlands Combined Authority's external auditors and its Audit, Risk & Assurance Committee. It was agreed that the Chair would take responsibility to go through the report in detail and sign it off, reporting back to committee on any issues that may arise.

Resolved:

- (1) The external audit plan for the year ending 31 March 2020 presented by Grant Thornton be noted.
- (2) The 'informing the audit risk assessment 2019/20' report presented by Grant Thornton be noted.

206. Performance Management and Reporting

The committee considered a report from the Director of Strategy providing an overview of the various elements of the performance management and reporting arrangement within the WMCA. She also highlighted factors impacting the WMCA, including Brexit, the Budget, Spending Review and Government changes. The report also referenced the various performance monitoring and reporting frameworks, along with planned improvements and potential developments to future reports.

Further to Sean Farnell's request, the Director of Strategy confirmed that it was still the intention to shared Key Performance Indicator scorecards with the committee at future meetings. In terms of upcoming opportunities for the WMCA, the committee raised questions as to whether resources were being made available to pursue these and to ensure that those opportunities being sought through the pre-election period would not be used by mayoral candidates to benefit their campaign. The Monitoring Officer assured the committee that any activity being sought through the pre-election period would be judged on appropriateness to move forward. The Chair requested that an updated accountability model be shared with the committee as its next meeting.

Resolved:

- (1) The contents of the reported be noted.
- (2) The proposed developments and improvements planned be noted.

207. Corporate Service Review

The Monitoring Officer provided the committee with an update on the position of the Corporate Service Review, which had now been completed. Various improvement plans had been implemented for key Corporate Service areas which Senior Leadership Team would continue to monitor to ensure that the improvement committed to was implemented. Two areas continue to be outstanding related to ICT service (which was due to an external review being undertaken) and the implementation of the establishment of a new Strategic Hub. However, both of these outstanding areas were being progressed appropriately.

Resolved:

That the update be noted.

208. Addressing the West Midlands Climate Crisis

The committee received a presentation from the Head of Environment, outlining the WMCA's proposals to achieve net zero CO2 emissions by 2041. A green paper would be submitted to the WMCA Board at its meeting on 17 January 2020 which would give further consideration as to how this target might be best achieved. The Chair asked the Head of Audit to propose how and when internal audit would review the delivery of the Combined Authority's plan objectives over what is a long period. ARAC should see these dates built into the long term Internal Audit plan amendable only with ARAC's agreement.

Resolved:

- (1) That the update be noted.
- (2) The Head of Audit would produce a review plan for this critical area.

209. WMCA's Investment and Commercial Activities Update

The committee received a presentation from the Director of Investment & Commercial Activities, outlining his role, responsibilities, accountability, initial thoughts of investment activity and the WMCA's investment and commercial capability.

Resolved:

That the update be noted.

210. Exclusion of the Public and Press

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 was likely to involve the disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

211. Audit Capacity

The committee considered a report from the Monitoring Officer providing it with an overview of Internal and External Audit activity and to provide assurance on the deliverability of the Internal Audit plan for 2020-21. The audit service provided to the WMCA was in accordance with the Local Government Act 1972, the Accounts and Audit Regulations Act and the Public Sector Internal Audit Standards. The report referenced the both internal and external audit activity and detailed the increase in the number of audit days between the financial years. The Chair noted that this resource allocation is unlikely to have reached a steady state yet and would almost certainly need to be reviewed for appropriateness in Spring 2021.

Resolved:

The overview information on Internal and External Audit activity across financial years 2018/19, 2019/20 and 2020/21, and the resources available to the service, be noted.

212. Date of Next Meeting

Tuesday 21 April 2020 at 10.00am

The meeting ended at 12.05 pm.