



Audit, Risk & Assurance Committee

Tuesday 14 July 2020 at 10.00 am

Minutes

Present

David Lane (Chair)	
Councillor Ram Lakha OBE (Vice-Chair)	Coventry City Council
Councillor Alan Butt	City of Wolverhampton Council
Sean Farnell	Coventry & Warwickshire LEP
Councillor Michael Gough	Solihull Metropolitan Borough Council
Councillor Fred Grindrod	Birmingham City Council
Councillor Christine Martin	Staffordshire Non-Constituent Authorities
Councillor Alexander Phillips	Shropshire Council
Councillor June Tandy	Nuneaton & Bedworth Borough Council
Councillor Alan Taylor	Dudley Metropolitan Borough Council

In Attendance

Fiona Bebbington	West Midlands Combined Authority
Louise Cowen	West Midlands Combined Authority
Peter Farrow	City of Wolverhampton Council
Julia Goldsworthy	West Midlands Combined Authority
Linda Horne	West Midlands Combined Authority
Sandra Kalyan	City of Wolverhampton Council
Helen Lillington	Grant Thornton
Tim Martin	West Midlands Combined Authority
Grant Patterson	Grant Thornton
Anna Sirmoglou	West Midlands Combined Authority
Rachel Teoh	West Midlands Combined Authority
Jodie Townsend	West Midlands Combined Authority

**Item Title
No.**

- 1. Apologies for Absence**
Apologies for absence were received from Councillor Ahmad Boston (Sandwell Metropolitan Borough Council).
- 2. Declarations of Interest**
Councillor Alan Taylor reported that he was a member of Transport Delivery Committee.
- 3. Minutes - 13 January 2020**
The minutes of the meeting held on the 13 January 2020 were agreed as a correct record.

**4. Matters Arising
(a) Whistleblowing**

The Monitoring Officer informed the committee that there had been no active cases received since the last meeting.

5. Forward Plan

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

Resolved:

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

6. Equal Pay Audit & General Equalities Update

The committee received a report from the Equalities & Diversity Manager which provided a breakdown of the latest workforce and gender pay gap statistics. It also outlined current initiatives and identified key areas of future focus to help bridge diversity gaps and promote inclusion.

It was recognised that there had been significant progress in the past year in terms of lowering the gender pay gap to levels below the national average. The WMCA had seen an increase in representation of younger people over the past few years through programmes such as Building Our Future Workforce.

Councillor Alexander Philips requested that the indicators and data provided in the report were produced in a dashboard format at future meetings which showed different trend analysis. The Equalities & Diversity Manager would look at how best to produce this as an annual update to the committee as requested.

Resolved:

- (1) The March 2020 WMCA Gender Pay Gap and workforce diversity data and the actions considered to bridge internal diversity gaps and promote inclusion be noted.
- (2) An annual update and a dashboard on Equal Pay Audit and general equalities be submitted to the committee.

7. Internal Audit Annual Report 2019/20

The committee received an overview of the annual internal audit opinion on the adequacy and effectiveness of the WMCA's governance, risk management and internal control processes. It was highlighted the impact of the COVID-19 pandemic had on the remaining 2019/20 audits and those had been reviewed through a prioritisation exercise in liaison with all Directors and the WMCA Leadership Team. Thirteen pieces of audit work had been completed in 2019/20; nine had been given a substantial opinion and four had been given a satisfactory opinion. It was agreed that in future the Chair of the committee be consulted on any changes to the internal audit plan.

Councillor Ram Lakha requested further information on the internal audit findings relating to the Homelessness Taskforce, particularly in respect of its effectiveness in tackling homelessness during the COVID-19 pandemic. The Head of Audit agreed to review the Homelessness Taskforce in light of the COVID-19 pandemic and would update the committee at its September meeting. Councillor Alexander Philips expressed concern as to the overall opinion given to the WMCA's Programme and Project Management Framework audit. The Head of Strategic Hub provided the committee with assurances that progress was being made on the recommendations within recommended deadlines and would attend committee in January 2021 to provide a further update on the implementation of the recommendation before a follow up on the internal audit was due.

The Chair asked for confirmation that the recommendations with a target completion date of 30 June 2020 outlined within the 'West Midlands Rail Limited - WMCA Governance and Management Arrangements 2019/20' internal audit had been met. The Monitoring Officer highlighted that due to the COVID-19 pandemic, there had been some slippage on implementation of the recommendations. Discussions would now be held between officers on how best to progress the recommendations, which may result in information being resubmitted to committee outlining new target dates. The Chair requested that he be consulted on any changes relating to this audit.

Councillor Ram Lakha requested further information on the recent impact of Government announcements relating to the national rollout of 5G infrastructure and the Director of Strategy undertook to confirm any impact to the Chair before the next meeting. It was hoped that the internal audit for WM5G would be shared at the next meeting.

Resolved:

- (1) The contents of the Internal Audit Annual Report 2019-2020 be noted.

8. Annual Accounts 2019/20 for West Midlands Combined Authority

The committee considered a report on the Annual Accounts of the West Midlands Combined Authority for the financial year ended 31 March 2020. The committee also considered the audit findings presented by Grant Thornton for the WMCA.

The External Auditor presented the audit findings and shared his proposal to issue an unqualified audit opinion on the accounts. It was recognised that the outbreak of the COVID-19 pandemic had significant impact on the normal operations of the WMCA with a negative impact on income streams, in particular in relation to bus, rail and tram travel. It was noted that officers were working through the implications of this on the financial position in the evolving environment. The External Auditor confirmed that he was satisfied that the WMCA accounts, as audited, could be approved by the committee.

The Chair requested a summary position regarding concerns of the overall funding gap position for the WMCA be provided at its September meeting.

Resolved:

- (1) The annual governance statement be approved.
- (2) The WMCA annual accounts be approved.
- (3) The audit findings report presented by Grant Thornton be approved.
- (4) The proposal to issue an unqualified audit opinion for the accounts by Grant Thornton be noted.
- (5) The signing of the Letter of Representation by the Director of Finance be approved.
- (6) The updated audit findings report be shared with committee in September 2020 following receipt of the national technical team's conclusion in relation to the accounting treatment to Land Fund transactions.
- (7) The amendments required to the accounts, should a change to the accounting treatment of Land Fund transactions be confirmed by the national technical team be, noted and approved.
- (8) The Chair be authorised to sign off any changes required to the narrative report, Annual Governance Statement or accounts for 2019/20 taking into account any further updates until the end of July 2020.
- (9) Subject to no further issues being raised by Grant Thornton, the Mayor and Director of Finance be authorised to sign the account on behalf of the WMCA.

9. WMCA Strategic Risk Register

The committee received an update on the current status of the Strategic Risk Register. It was noted that the COVID-19 pandemic required a further review of the risks already identified and the response was reflected appropriately within the risk register. A new risk had been added to reflect the WMCA's resilience and response to the pandemic overall however further work was being undertaken to address the longer-term impacts on the organisation and the region. The Chair requested a further update be provided at its September meeting in relation to the organisational position post- COVID-19.

Resolved:

- (1) The strategic risks contained within the WMCA Strategic Risk Register be noted.
- (2) The additional consideration of COVID-19 risks shown in the register be noted.
- (3) A detailed review of the risks to be reported at the September meeting taking into account the post COVID-19 pandemic.

10. Adoption of a Revised Single Assurance Framework

The committee were provided with a report updating it on the progress in delivering the Single Assurance Framework project. An overview was provided on the governance model, its definitions and purpose. A number of key approaches, process and recommendations had been developed to support the delivery of the Single Assurance Framework and had been endorsed by the Senior Leadership Team. As previously discussed, the committee were taken through the different tranche stages and if approved by the WMCA Board on 24 July, a phased transition period would begin to implement the document and the associated governance improvements.

Resolved:

- (1) The work undertaken to date on developing the Single Assurance Framework and the decision-making process and the intent behind the proposed way forward be noted.
- (2) The Single Assurance Framework seeking approval by the WMCA Board be endorsed.
- (3) Committee be provided with an update in September 2021 on the implementation of the Single Assurance Framework and any lessons learnt.

11. Internal Audit Plan 2020/21

The committee received a report from the Head of Audit on an updated 2020/21 Internal Audit Plan. Changes to the plan were noted as a result of the COVID-19 pandemic which affected the audit resources and the priorities of the WMCA. The changes had been reviewed in liaison with Directors and the Senior Leadership Team.

Sean Farnell expressed his concerns relating to the auditable area 'Risk Management' and questioned as to why this audit would be undertaken in July 2021 when a high rating was provided. The Chair also sought assurance that enough resources were in place to ensure that there was no slippage. The Monitoring Officer confirmed that the level of resourcing was being looked at and would update the Chair accordingly outside of committee.

Resolved:

- (1) The changes to the Internal Audit Plan for 2020-21 made since its approval at committee in January 2020 be noted and approved subject to the Monitoring Officer returning to the Chair on the outstanding issue of internal audit resource.

12. Exclusion of the Public and Press

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 relating to financial or business affairs of any particular person (including the authority holding the information).

13. Accessible Transport Services - Revised Final Internal Audit Report

The committee received an overview of the internal audit completed for WMCA Accessible Transport Services looking at the internal controls, governance and decision making undertaken regarding the WMCA's approach to addressing the issues and risks that materialised as a result of the Accessible Transport Group Holdings Limited going into Administration in March 2019.

The committee acknowledge that this audit was complex and that the recommendations were useful.

The Monitoring Officer also provided an overview of the completion of the administration process and the finalisation of assets being sold.

[NB: Councillor Ram Lakha declared a personal interest in this item in respect of him being in receipt of an older person's bus pass.]

14. Date of Next Meeting

Tuesday 8 September 2020 at 10.00am.

The meeting ended at 11.50 am.