



**West Midlands
Combined Authority**

Audit, Risk & Assurance Committee

Monday 26 October 2020 at 10.00 am

Minutes

Present

David Lane (Chair)	
Councillor Ram Lakha OBE (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 Alexander Phillips	Shropshire Council
Councillor June Tandy	Nuneaton & Bedworth Borough Council
Councillor Alan Taylor	Dudley Metropolitan Borough Council
Councillor David Thain	Worcestershire Non-Constituent Local Authorities

In Attendance

Michael Anderson	Transport for West Midlands
Fiona Bebbington	West Midlands Combined Authority
Rachel Brothwood	West Midlands Pension Fund
Louise Cowen	West Midlands Combined Authority
Jill Davys	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
Andy Morgan	West Midlands Combined Authority
Grant Patterson	Grant Thornton
Hardial Phull	West Midlands Combined Authority
Joti Sharma	West Midlands Combined Authority
Lorraine Quibell	West Midlands Combined Authority

**Item Title
No.**

27. Apologies for Absence

Apologies for absence were received from Councillor Fred Grindrod (Birmingham City Council).

28. Minutes - 8 September 2020

The minutes of the meeting held on the 8 September 2020 were agreed as a correct record.

29. Chair's Remarks (if any)

The Chair informed the committee that he had agreed with the Monitoring Officer over the lack of formal reports the committee received due to the constant moving position of the items being taken by the committee.

30. Matters Arising

The Monitoring Officer informed the committee of the position of two ongoing matters undertaken whistleblowing investigation; he noted that the chair will continue to be updated on the position on investigations.

He also informed the committee on the legislation changes to Public Sector Exit Payment cap, he sought to assure the committee that the changes had been recognised and appropriate measures were being implemented to ensure the organisation was in line with the changes.

The Director of Finance confirmed the committee process for reviewing and commenting on the organisation Treasury Management Strategy moving forward. It was agreed the committee would also receive independent training from Treasury Management advisory Arlington Close at its future meeting.

31. Forward Plan

The committee considered the plan of items to be reported to future meetings. The Chair requested future items relating to cyber security, Mayoral elections and a review of the standards approach be considered at its meeting in January 2021. The Monitoring Officer informed the committee of the LGA's consultation on a revised code of conduct, which had not yet been finalised and sought to bring an update back to committee once released.

Resolved:

- (1) The additional items of business to be reported to future meeting be made and noted.

32. West Midlands Pension Fund

The committee received a presentation from the Director of West Midlands Pension Fund and the Assistant Director – Investment on the restricting of the West Midlands LGPS pension arrangements, Investment Strategy and climate change and scheme change and McCloud.

Councillor Alexander Philips was keen to understand the material impact if any on pay-outs and queried as to whether excess debt rate translated into lower pay-outs or modelled into lower pay-outs. He was also keen to understand how negative interest rates were modelled. The Director of West Midlands Pension Fund shared that there were two streams of monitoring analysis being undertaken which looked count of deaths across the region which has seen some spikes, other analysis to address the long term impacts for life expectancy and pension costs had been undertaken and indicated that there would not be a significant impact but continued to be monitored.

In regards to Councillor David Thain's question of equity protection strategies the Director of West Midlands Pension fund informed the committee this had been considered in the context of broad risk within the fund and the cost of the strategy however she went on to explain that there continue to predominately be a growth based strategy and based on analysis it was considered the best way forward to manage the risk that didn't have the same operational dependencies.

Resolved:

- (1) The presentation be noted.

33. WMCA Assurance Update

The committee received an update from the Corporate Assurance Manager on the progress made in the developments of the assurance toolkit following the last meeting. Work continued on the implementation of the Single Assurance Framework with some activities being undertaken. However there was limited data available to share with the committee which was due to the constraints in assurance activities as that was driving through the project lifecycle stages. The Corporate Assurance Manager informed the committee that in progressing to tranche three of the Single Assurance Framework solutions to mitigate this issue would be sought which would allow a richer picture of projects. The Chair requested that a future update be brought back to committee at its January meeting along with assurance that recommendations from the WMCA's Programme & Project Management Framework internal audit had been achieved. The chair also suggested that the Assurance Team reported back on the frequency of reporting information and data back to committee.

Resolved:

- (1) The update be noted
- (2) A further update be provided at its January 2021 meeting along with confirmation of frequency in updates.

34. Combined Authorities response to COVID-19

The committee received an update from the Monitoring Officer on the organisation response to the COVID-19 pandemic. He informed the committee of the various engagements undertaken wellbeing and welfare of staff remained positive whilst continuing with the period of remote working. Information was also provided in terms of the organisations part in the region response to recovery. The Monitoring Officer assured the committee that the Combined Authority continue to manage governance processes through remote means with all statutory boards, committees and thematic boards continue to meet virtually and take decisions, he reported as of yet there had been no issues with the processes being undertaken.

Following committees concern on staff wellbeing and welfare the Monitoring Officer assured the committee that this was being addressed and taken seriously by the organisation to support staff during the pandemic, with various webinars, training, support services and engagement with staff taking place. He also informed the committee of a staff survey being undertaken to seek employees feedback whilst working from home. The Chair requested that the results of that survey be shared with the committee at its January 2021 meeting.

In regard to the financial position of the organisation the Director of Finance informed the committee of the continued work being undertaken to monitor and evaluate the organisations financial position and previously reported an £11m deficit, however this had now been reduced to around £2m. She also highlighted that although the Comprehensive Spending Review was a one-year solution there continue to be focus on progressing with the aims, objectives and asks of Government. Following a question from Councillor Ahmad Bostan on managing risks relating to transport outputs and contractual obligations the Director of Finance highlighted that suppliers continued to be paid at a pre-COVID level with a high level of engagement with transport operations and operators around their financial position ensuring appropriate capacity across the network.

Resolved:

- (1) The update be noted
- (2) The results from the staff survey be brought to committee at its January 2021 meeting.
- (3) An in-depth update on the organisations financial position be shared at its January 2021 meeting.

35. WMCA Strategic Risk Register

The committee received an update on the current status of the strategic risk register. It was noted that a COVID-19 risk register had been established at an operation level following the pandemic and a future review being undertaken on the risks already identified. Therefore a new risk had been added to the register to reflect the WMCA's resilience and response to the pandemic.

Councillor David Thain was keen to understand the risks associated to remote working and the impacts upon the organisation's buildings, stock and facilities. The Head of Strategic Hub informed that the organisation recognised this and was reflected within the strategic risk register and work was being undertaken by the Transformation project to look future ways of working whilst ensuring buildings remained COVID secure.

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 updated register be noted.

36. Internal Audit Update - October 2020

The committee received a report from the Head of Audit of the work completed by internal audit. It was noted that since the last meeting three audit had been completed Single Assurance Framework was given a substantial assurance, Third Generation Trams Programme was given satisfactory assurance and Sprint Programme Management was given a substantial assurance. He stated that in light of the COVID-19 pandemic there had not been a drop in governance or control frameworks across the organisation. The Head of Audit informed the committee of a slight change to the process in the way follow – ups to internal audit would be undertaken. The chair noted this positive move but suggested that internal audit satisfied themselves in the quality of the follow-ups and a formal report was provided to committee as usual.

Following the satisfactory assurance provided on the Third Generation Trams Programme the Chair queried the recommendation relating to whether the project had been fully subject to appropriate project assurance and suggested whether there was a benefit in it going through the enhanced assurance system or if the Head of Audit was content with the level of assurance noted. Although the WMM Projects Director felt the programme had been through all appropriate processes at the time. The Head of Audit indicated the benefits of it being taken through the assurance programme to continue as expected, but felt internal discussions were required to fully answer as to whether this programme should be taken through another assurance system therefore the Chair will be updated on the discussions prior to the next meeting.

Resolved:

- (1) The contents of the latest Internal Audit report be noted.

37. External Audit Update for the Year Ending 31 March 2020

The committee received a report from Grant Thornton on their draft Audit Findings Report which provided progress made on the following areas: resolution of the technical query in relation to accounting treatment of the Land Fund, receipt of the assurances from the auditor of the West Midlands Pension Fund Completion of group audit procedures, review of management's assessment of going concern, completion of testing of operating expenditure, review of the final set of financial statements and receipt of management representation letter.

Following previous concerns regarding the Land Fund the committee were informed that issues had now been resolved and the likely amended had already been included within the audit findings reported at the previous meeting.

The Chair recognised the hard work undertaken by the finance team in meeting the deadline for preparing the organisations financial accounts and that final sign off had been delayed due to a national issue not as fault of the WMCA finance team.

Resolved:

- (a) The external audit update for the year ending 31 March 202 be noted.

38. Performance Reporting

The committee received a presentation from the Performance Manager updating them on the emerging performance management and reporting capability. The committee received information on all of the organisations reporting mechanisms, in terms of monthly, bi-monthly, 6 monthly and annual reporting

The committee were assured with the processed undertaken in terms of reporting mechanisms of the organisation. The Chair requested that an update be brought back to committee in six months to advise on whether the process had matured.

Resolved:

- (1) The presentation be noted.

39. Date of the Next Meeting

Monday 18 January 2021 at 10.00am.

The meeting ended at 11.50 am.