



**Audit, Risk & Assurance Committee**

**Tuesday 18 January 2022 at 10.30 am**

**Minutes**

**Present**

Mark Smith (Chair)	
Councillor Ram Lakha OBE (Vice-Chair)	Coventry City Council
Councillor Tom Baker- Price	Worcestershire Non-Constituent Authorities
Councillor Nick Bardsley	Shropshire Council Non-Constituent Authorities
Councillor Dave Borley	Dudley Metropolitan Council
Councillor Alan Butt	City of Wolverhampton Council
Councillor Ken Meeson	Solihull Metropolitan Borough Council
Councillor Charn Padda	Sandwell Metropolitan Borough Council
Councillor Carl Rice	Birmingham City Council
Kate Shaw	Greater Birmingham & Solihull Local Enterprise Partnership
Councillor Hayden Walmsley	Warwickshire Non-Constituent Authorities

**In Attendance**

Fiona Bebbington	West Midlands Combined Authority
Louise Cowen	West Midlands Combined Authority
Peter Farrow	City of Wolverhampton Council
Mark Finnegan	West Midlands Combined Authority
Linda Horne	West Midlands Combined Authority
Sandra Kalyan	City of Wolverhampton Council
Helen Lillington	Grant Thornton
Satish Mistry	West Midlands Combined Authority
Carl Pearson	West Midlands Combined Authority
Lorraine Quibell	The West Midlands Combined Authority
Anne Shaw	Transport for the West Midlands

**Item Title**  
**No.**

**32. Apologies for Absence**

An apology for absence was received from Councillor Flint.

**33. Chair's Remarks**

The Chair reported that the External Audit Plan would be submitted to the next meeting in April.

The Chair also informed the committee that he had attended meetings of the

WMCA Board and other board/committees recently including the Investment Board and the Overview and Scrutiny Committee and that he had met with the Chair of Overview and Scrutiny Committee, Councillor Cathy Bayton. He added that a further meeting has been arranged with Councillor Cathy Bayton to look at the how the two committees would coordinate their work.

**34. Minutes - 2 November 2021**

The minutes of the meeting held on 2 November 2021 were agreed approved as a correct record subject to the following amendment/typographical error.

Minute no.23

The Finance Director also provided an update on the auditor appointment process. Linda Horne reported that an approach had been made to extend Grant Patterson's five-year term as Engagement Lead for a further two years to coincide with the end of the current appointing period, in accordance with the Public Sector Appointments (PSAA) and the Local Audit (Appointing Person) Regulations 2015.

Helen Lillington, Grant Thornton advised that the initial approach for the extension of Grant Patterson's tenure had received **ethics** approval.

**35. Matters Arising**

*Minute no. 21 Matters Arising*

*(ii) Internal Audit Update*

In relation to the Chair's enquiry regarding the accreditation status of the WMCA's cyber essentials, the Internal Audit Liaison Officer, Loraine Quibell, advised that the accreditation had not been awarded at this stage as some gaps had been identified. The Chair asked that an update on the matter be brought to the next meeting [it was later decided that an update would be scheduled for the meeting in June, but the Chair would receive a briefing note on the matter in the meantime].

*(ii) Investigation and Whistle Blowing Update Report*

The Chair asked that an update be submitted to the next meeting as to whether any changes should be made to WMCA employment contracts.

**36. Forward Plan**

The committee received a report of agenda items to be submitted to future meetings.

Resolved : That the report be noted.

**37. WMCA Strategic Risk Register**

The committee considered a report of the Finance Director and Section 151 Officer that provided an update on the WMCA Strategic Risk Register.

The Strategic Risk Manager, Victoria Harman, outlined changes to the Risk Register since it was last considered by the committee in November. This included information regarding the 9 highest rated risks, risk trend detail and key material changes.

In relation to a comment from Councillor Meeson regarding his surprise to see the housing risk (residual risk) rated green, given the uncertainty around future housing in West Midlands as many local authorities were waiting the outcome of local development plans, the Finance Director, Linda Horne reported that the risk was rated green as the WMCA was on track with its housing delivery but undertook to provide more detail for the next meeting.

The Chair informed the committee that it was Victoria Harman's last meeting and conveyed his thanks to Victoria for all the work undertaken and wished her well for the future.

Resolved:

1. That the strategic risks contained within the Strategic Risk Register be noted and
2. That the risks highlighted in section 2.3 of the report which have been subject to significant changes since the register was last presented to the committee in November 2021 be noted.

### **38. Covid-19 Revenue and Capital Costs**

The committee considered a report of the Finance Director that set out the financial implications of Covid-19 on the WMCA's revenue and capital monitoring position in 2021/22.

The Financial Controller, Louise Cowen outlined the report that had been submitted to the committee following a request for further information at the meeting on 29 September 2021.

It was noted that the most significant financial impacts of the pandemic to date are the loss of commercial revenue within the Transport Portfolio and the impact on the delivery of the Transport for the West Midlands' Capital Programme.

The Financial Controller advised that the Government has put in place a package of funding to support the loss of commercial revenue and the loss of income from fees and charges which has helped to mitigate losses. She added that the WMCA would be closely monitoring the financial position including the risks to the WMCA's Capital Investment Programme which are monitored in the Authority's Financial Monitoring Report and Strategic Risk Register.

Resolved: That the contents of the report be noted.

**39. 2022/23 Treasury Management -Policy, Strategy and Practices**

Following the training update provided by Link Treasury Services, the committee considered a report of the Finance Director that set out the draft Treasury Management Policy Statement and draft Treasury Management Strategy for endorsement prior to approval by the WMCA Board in February. The report also sought agreement that the Authority's Treasury Management Practices are adequately maintained.

The Lead Treasury Accountant, Mark Finnegan outlined the report and provided the context to the strategy.

In relation to the Treasury Management Policy Statement, the Chair noted the need to reference the Authority's borrowings which included a balance of fixed and floating interest rates.

The Chair confirmed that this committee would review all reports before they are considered by the WMCA Board.

The Lead Treasury Accountant undertook to update the report accordingly for submission to the WMCA Board.

In relation to an enquiry from Councillor Lakha regarding working capital and how this fits within the Treasury Management Portfolio, the Lead Treasury Accountant advised that he would look to include the information in the financial tables of future reports.

The Chair asked that Mark Finnegan providing a briefing note with regards to Councillor Lakha's enquiry in the meantime.

Resolved:

1. That the draft 2022/23 Treasury Management Policy Statement (referred to in Section 2 of the report) be endorsed for onward approval by the WMCA Board in February subject to the minor amendments made by the committee;
2. That the draft 2022/23 Treasury Management Strategy (attached to the report as Appendix 1) be endorsed for onward approval by the WMCA Board in February 2022 and
3. That the arrangements for ensuring Treasury Management Practices are adequately maintained (as set out in Section 4 of the report) be noted and agreed.

**40. Appointment of External Auditors**

The committee considered a report of the Finance Director that sought approval for the WMCA to opt into the Public Sector Audit Appointments national scheme for auditor appointments for the 5 years commencing 1 April 2023.

The Financial Controller, Louise Cowen, outlined the report and advised the committee that opting-in to the national scheme again was the preferred

option as it represented the best value for money and assures the appointment of suitably qualified, independent auditor.

The Finance Director reported that six of the seven constituent authorities of the WMCA had confirmed they would be also be opting-in to the national scheme with Birmingham City Council expected to confirm shortly.

Resolved : That the WMCA opts into the Public Sectors Auditor Appointments' national scheme for external auditor appointments for the 5 year appointing period commencing 1 April 2023 be approved.

#### **41. Internal Audit Update**

The committee considered a report of the interim Director of Law and Governance that provided an update on the work undertaken by Internal Audit so far, this financial year.

Peter Farrow, Internal Audit, introduced the report and advised the committee of the internal audit reviews completed since the last meeting; Single Commissioning Framework – Land Fund and TfWM Covid-19 Response – Management and Decision Making Arrangements; both reviews were awarded a substantial level of assurance. It was noted an internal audit review had also been completed on the WMCA's Key Financial Systems (draft report issued) that would be reported to the next meeting in April.

Sandra Kaylan, Internal Audit, summarised the final report findings from the two reviews and outlined the process for following-up audit recommendations. It was noted that the Internal Audit Liaison Officer, Loraine Quibell would check with WMCA Officers that audit recommendations have been implemented and Internal Audit would also carry out independent checks.

Councillor Butt congratulated Peter Farrow and Sandra Kaylan for delivering internal audit services and the Chair thanked the WMCA's Strategic Leadership Team for achieving satisfactory and substantial audits.

Resolved: That the contents of the Internal Audit Update report be noted.

#### **42. Draft 2022/23 Internal Audit Plan**

The committee considered a report of the interim Chief Audit Executive that set out a draft Internal Audit Plan for 2022/23.

Peter Farrow, Internal Audit, outlined the report and informed the committee that the draft Internal Audit Plan had been shared with the WMCA's Strategic Leadership Team. He advised that the Plan remains a fluid document and could be changed/amended accordingly.

The Internal Audit Liaison Officer, Loraine Quibell, reported that a final review of the Plan would be undertaken with Officers prior to submission of the final Internal Audit Plan to the committee in April.

Resolved: That the draft 2022/23 Internal Audit Plan be endorsed.

**43. Exclusion of the Public and Press**

Resolved:

In accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involved the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

**44. Update on Midland Metro Track Replacement**

Further to the last meeting, the committee received an update from the interim Director of Law and Governance and Monitoring Officer, Satish Mistry and the Managing Director of Transport for the West Midlands (TfWM) Anne Shaw on Midland Metro Track Replacement in Birmingham City Centre.

It was noted that an update on discussions with Balfour Beatty and lessons learnt would be shared with the committee in due course.

Resolved : That the update be noted.

The meeting ended at 12.00 pm.