



Audit, Risk & Assurance Committee

Tuesday 4 October 2022 at 10.00 am

Minutes

Present

Mark Smith (Chair)

Councillor Ram Lakha OBE (Vice-Chair)	Coventry City Council
Councillor Dave Borley	Dudley Metropolitan Council
Councillor Craig Collingswood	City of Wolverhampton Council
Councillor Ram Mehmi	Walsall Metropolitan Borough Council
Councillor Nick Bardsley	Shropshire Council Non-Constituent Authorities
Councillor Richard Baxter-Payne	Warwickshire Non-Constituent Authorities

In Attendance via Teams

Councillor Yvonne Mosquito	Birmingham City Council
Councillor Charn Padda	Sandwell Metropolitan Borough Council

Item No. Title

16. Inquorate meeting

It was reported that the meeting was inquorate and therefore the recommendations contained within the minutes would be submitted to the WMCA Board on 28 October 2022 for formal approval and adoption.

17. Apologies for Absence

Apologies for absence were received from Councillor Allen (Sandwell) and Councillor Meeson (Solihull).

18. Notification of Substitutes

Councillor Padda attended the meeting via Teams on behalf of Councillor Allen.

19. Chair's Remarks

The Chair reported on recent activities he had undertaken including meetings he had attended on behalf of the committee.

He also informed the committee that Coventry & Warwickshire Local Enterprise Partnership, the nominated LEP representative on the committee was in the process of being disbanded and therefore there was currently no LEP member on the committee.

20. Minutes - 7 July 2022

The minutes of the meeting held on 7 July were agreed as a true record.

21. Matters Arising

Minute no. 14 Cyber Essentials Report

Further to consideration of the Cyber Essentials Report at the last meeting, it was confirmed that the WMCA had made a new submission against the new enhanced Cyber Essentials accreditation criteria last month.

22. Forward Plan

The committee considered a report on agenda items to be submitted to future meetings.

In relation to the terms of reference for the committee which are under review and are scheduled to be submitted to the next meeting, the interim Director of Law and Governance, Satish Mistry, reported that the new Director of Law and Governance (joining the WMCA in January 2023) might want to be involved in this area of work and would therefore look to re-schedule this item to a future meeting.

It be recommended to the WMCA Board that:

The report be noted.

23. Public Sector Audit Appointments: Audit Quality Monitoring Report 2021 and Auditor Appointment for 2023 - 2028

The committee considered a report of the Executive Director of the Finance and Business Hub that had been prepared to share a summary of the Public Sector Audit Appointments Audit Quality Monitoring Report for 2020-2021 which had been published in March 2022.

The Head of Financial Management, Louise Cowen, outlined the report that covers the work of local auditors appointed by the Public Sector Appointments Limited (PSAA) for the financial year 2019/20.

It was also noted that on 3rd October, the PSAA had announced the outcome of the procurement process for external auditors for the 5 years from 2023/4 through to 2027/8. However, at this stage it had not been confirmed as to the specific auditors for the WMCA for this period and the Chair asked that he be notified of this matter as soon as it was confirmed.

It be recommended to the WMCA Board that:

The report be noted.

24. WMCA Audit Progress Report and Sector Update

The committee considered a report of the Executive Director of Finance and Business Hub. Attached to the report was an appendix prepared by Grant Thornton that provided the committee with an update in delivering their responsibilities as the WMCA's external auditors.

Grant Patterson, Grant Thornton, presented the report and advised the committee of the factors that had delayed this year's audit deliverables until November, and reported that the Auditor's Annual Report was now planned for December.

It be recommended to the WMCA Board that:

The report be noted.

25. Health & Safety Annual Update

The committee considered a report of the Director of Integrated Transport Services that provided an annual update on health and safety.

The Health and Safety Manager, Ben Gittings provided a summary of the principle activities relating to the promotion and management of health and safety outcomes during the year and outlined the strategic direction for occupational health and safety within the wide-ranging remit of the West Midlands Combined Authority. He reported that there no specific areas of concern or areas that required attention and that he was looking to benchmark the WMCA with other Combined Authorities and organisations.

The Chair commented that benchmarking the WMCA against others would provide a good opportunity to learn good practice.

It be recommended to the WMCA Board that:

The annual update on health and safety be noted.

26. Strategic Risk Update

The committee considered a report of the Executive Director of Finance and the Business Hub that provided the committee with the visibility of the strategic risks faced by the WMCA and the monitoring of risk management.

The Risk Manager, Peter Astrella, outlined the report, highlighting the key messages discussed by the WMCA's Strategic Leadership Team and the new risks added since the last meeting.

In relation to an enquiry from the Chair regarding whether the committee should be aware of any risks relating to pensions given the recent volatility in the markets, the Executive Director of Finance and the Business Hub, Linda Horne, reported that pension risks would apply to all of the public sector and that she received regular updates on the West Midlands Pension Fund position.

Grant Patterson, Grant Thornton advised the committee that he was the auditor of the pension fund and was not aware of any specific issues of concern.

The Chair asked that an update on the pension fund risk be submitted to a future meeting.

Councillor Collingswood noted the risk relating to Metro availability focuses on cracks to tram tracks and enquired whether this should also capture the planned strike action by Metro staff.

The Risk Manager reported that the risk relating to the Metro had been changed to remove the numerous wider risk causes affecting tram availability and focused instead on the cracks. The strike action had been announced recently and after the committee report had been prepared, however, TfWM have operational risk registers that capture various risks and control activity.

It be recommended to the WMCA Board that:

1. The key messages in the Strategic Risk Update be noted and
2. That revisions or planned revisions to the Strategic Risk Register be noted.

27. Single Assurance Framework - Assurance Performance Report - April to August 2022

The Committee considered a report of the Executive Director of Finance & Business Hub that provides details of thematic performance information from WMCA projects that have been assured through the Single Assurance Framework (SAF). The report also outlines progress of WMCA directorates transitioning to the new SAF assurance and governance arrangements and includes Programme Assurance and Appraisal Team activity from April 2022 to August 2022.

The Head of Programme Assurance and Appraisal, Joti Sharma, highlighted key matters in the report. The Chair commented that he was pleased to note that the Housing, Property and Regeneration directorate was now transitioning on to the SAF but expressed disappointment that it had taken so long for this to happen.

It be recommended to the WMCA Board that :

1. The contents of the report be noted and
2. The attached Single Assurance Framework which has been updated in accordance with annual review requirements mandated by Government (the updated SAF now meets the National Local Growth Assurance Framework requirements, published by the Cabinet Office in September 2021) that is to be submitted to the WMCA Board for approval in November 2022 be noted.

28. Internal Audit Update - October 2022

The committee considered a report from the Interim Director of Law and Governance that provided an update on the work completed by internal audit so far this financial year.

In relation to concerns expressed by the Chair regarding the number of audits outstanding from 2021/22 that are yet to be completed, alongside audits for the current financial year and whether internal audit are confident they can deliver these on time, the Head of Audit, Peter Farrow advised that

he hopefully had the resources for delivery and advised that time has been assigned for each audit.

It be recommended to the WMCA Board that:

The contents of the Internal Audit Update report be noted.

29. Exclusion of the Public and Press

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

30. Whistleblowing Investigation - Adult Education Services

The committee considered a report of the Interim Director of Law and Governance that presented the findings of an investigation undertaken following receipt of a whistleblowing claim regarding the non-compliance of a contractual agreement in place between a provider of adult education services (as identified in the report) and the WMCA.

It was noted that the two core recommendations relating to subcontracting and performance review have been progressed by officers.

The Director of Employment and Skills, Clare Hatton was in attendance to respond to enquires from the committee relating to the case.

It be recommended to the WMCA Board that:

The contents of the report be noted.

31. Whistleblowing Investigation – Housing

The committee considered a report of the Interim Director of Law & Governance that presented the findings of a whistleblowing investigation regarding the basis on which external valuations had been obtained in connection with land purchases and the potential distortion of property valuations when the WMCA has conducted its land and property transactions as part of the work undertaken by Housing and Land.

The Interim Director of Law & Governance, Satish Mistry outlined the background to the report and introduced Andrew Round and Mark Whitehouse from CBRE who had undertaken an independent investigation on behalf of the WMCA.

Andrew Round presented the report, outlined key findings, recommendations

and responded to questions from members.

The Interim Director of Law and Governance, Satish Mistry reported that a response and action plan would be prepared with the Executive Director Housing, Property and Regeneration for consideration by the committee at a future meeting.

It be recommended to the WMCA Board that:

- 1.The findings contained in the report be noted and
- 2.That an action plan in response to the report recommendations be shared with the committee in due course be noted.

The meeting ended at 12.30 pm.