



**Meeting:** Audit & Standards Committee

**Subject:** Minutes

**Date:** Friday 8 July 2016

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**Present:**

Councillor Craig Collingswood	City of Wolverhampton Council
Councillor Sucha Bains	Coventry City Council
Councillor Kerrie Carmichael	Sandwell Metropolitan Borough Council
Councillor Keith Chambers	Walsall Metropolitan Borough Council
Councillor Tristan Chatfield	Birmingham City Council
Councillor Maureen Freeman	Cannock Chase District Council
Councillor Rachel Harris	Dudley Metropolitan Borough Council
Councillor John Haynes	Nuneaton & Bedworth Borough Council
Councillor Angela Sandison	Solihull Metropolitan Borough Council

**In Attendance:**

James Aspinall	Director of Corporate Services, West Midlands Combined Authority
Amanda MacDonald	Client Lead Auditor, City of Wolverhampton Council
Linda Downes	Audit & Governance Manager, Nuneaton & Bedworth Borough Council
Peter Farrow	Head of Audit (Shared), City of Wolverhampton Council & Sandwell Metropolitan Borough Council
Lorraine Quibell	Corporate Risk & Business Assurance Specialist, West Midlands Combined Authority
Joti Sharma	Corporate Assurance Manager, West Midlands Combined Authority
Nichola Vine	Head of Governance and Chief Audit Executive, West Midlands Combined Authority

An apology for absence was received from Councillor Rob Sloan (Telford & Wrekin).

**1/16 Appointment of Vice-Chair**

The Director of Corporate Services invited nominations for the appointment of a Vice-Chair of the Audit & Standards Committee for 2016/17. Councillor Collingswood expressed an interest which was seconded by Councillor Chambers.

Resolved that Councillor Craig Collingswood be appointed as Vice-Chair of the Audit & Standards Committee for 2016/17.

## **2/16 Terms of Reference**

The committee considered a report of the Corporate Services Director on the terms of reference for the Audit & Standards Committee, as agreed at the AGM of the West Midlands Combined Authority Board on 29 June 2016.

Resolved that the terms of reference be noted, and an updated version be submitted to the next meeting in order that they may better reflect CIPFA best practice for an audit committee and to better clarify the committee's role in respect of its 'standards' responsibilities.

## **3/16 Calendar of Meetings**

The committee considered the calendar of meetings for Audit & Standards Committee 2016/17.

With regard to officer attendance at meetings, it was agreed that an officer from each council could attend meetings of this committee to support their appointed representative, and members were asked to forward the relevant officer details to the Governance Services office so that an invite could be sent.

Resolved that the calendar of meeting for 2016/17 be noted.

## **4/16 Appointment of Independent Chair**

The committee considered a report of the Corporate Services Director on the process to appoint an independent chair of the Audit & Standards Committee for 2016/17.

At its AGM on 29 June 2016, the West Midlands Combined Authority Board agreed the governance arrangements for its Audit & Standards committee. The role of chair was to be undertaken by an independent member. The process by which an independent person could be recruited and a timetable for the appointment was considered by the committee.

The interview panel would be appointed by the Clerk to the West Midlands Combined Authority. Councillor Chatfield emphasised the importance of a member of the Audit & Standards Committee should also sit on the interview panel.

The Director of Corporate Services welcomed comments on the indicative role profile that set out the responsibilities and duties expected from an independent chair which was appended to the committee papers. Councillor Harris asked for all members of the committee to receive a copy of the job description, person specification and details of the qualifications, knowledge, skills and expectations required from an independent chair to assist the interview panel with the shortlisting process.

Resolved that the proposals outlined in the report be approved as the means of recruiting an independent member to this committee.

## **5/16 Overview of Governance/Assurance Arrangements and Assurance Workplan**

The committee considered a report of the Director of Corporate Services that summarised the current corporate governance and assurance arrangements for the newly formed Audit & Standards Committee.

The report provided information on the combined assurance activities, Gateway programme assurance review, Programme & Project Assurance Plan 2016/17, internal audit plan, corporate risk register and next steps.

Resolved that:

- (1) the current corporate governance and assurance arrangements for programmes & projects, internal audit and corporate risk be noted;
- (2) the next steps and West Midlands Combined Authority governance and assurance action plan be approved; and
- (3) the Programme & Project Assurance Plan and Internal Audit Plan 2016/17 be noted.

## **6/16 Corporate Risk Register**

The committee considered a report of the Director of Corporate Services on the proposed risk management arrangements for the West Midlands Combined Authority, and the current Corporate Risk Register.

The Corporate Risk & Business Assurance Specialist explained that the draft Risk Management Strategy was currently in the process of being approved via the West Midlands Combined Authority Management Board and therefore a complete risk register incorporating all the elements of the West Midlands Combined Authority would be developed when the strategy had been approved.

The current register focused on the risks facing transport for West Midlands and Corporate Services. There were currently 24 risks recorded on the risk register, with no 'high' risks being identified.

In respect of mitigating control, it was confirmed that one of the elements for internal audit was to review this specific area. The Director of Corporate Services added that there was an internal mitigation check and noted that the risk register was reviewed and updated on a monthly basis by the senior management team. The Corporate Services Director also confirmed that he was the person ultimately responsible for risk within the organisation.

Resolved that

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- (1) the proposed corporate risk management arrangements to be introduced for the West Midlands Combined Authority be noted; and
- (2) the current transport related key risks contained on the corporate risk register be noted.

**7/16 Role of an Audit Committee and West Midlands Combined Authority Internal Arrangements**

The committee received a presentation on the role of an audit committee and internal audit arrangements from the Head of Audit (Shared), City of Wolverhampton Council & Sandwell Metropolitan Borough Council. The committee also considered a report on the City of Wolverhampton Council Internal Audit Charter.

The Head of Governance and Chief Audit Executive confirmed that there was a whistle blowing policy that could be incorporated into the counter fraud area. Councillor Chambers asked whether a copy of these relevant documents could be circulated to the committee for its information. Peter Farrow noted that these were all standard documents and agreed to circulate them to members of the committee for information.

With regard to the process for the appointment of an external auditor, Peter Farrow explained that the Public Sector Auditor Appointments Group would appoint the external auditor.

Councillor Bains enquired about a regular update on the accounts and asked whether these could be considered by the committee on a quarterly basis. The Director of Corporate Services agreed to submit a financial update to future meetings of the committee.

Resolved that the presentation and the briefing note on the City of Wolverhampton Council Internal Audit Charter be noted.

**8/16 Annual Accounts and Audit 2015/16 for the West Midlands Integrated Transport Authority, the West Midlands Passenger Transport Executive and the Group**

The committee considered a report of the Director of Corporate Services on the annual accounts of the West Midlands Passenger Transport Executive, West Midlands Integrated Transport Authority and the Group for the financial year ended 31 March 2016.

The Director of Corporate Services reported that the audit had been completed without any issues with only minor adjustments identified. The audit for the West Midlands Passenger Transport Executive, West Midlands Integrated Transport Authority and the Group accounts had been completed and Grant Thornton had proposed to issue an unqualified audit on these accounts.

The Director of Corporate Services explained that the West Midlands Passenger Transport Executive and the West Midlands Integrated Transport Authority accounts would be merged into one account in the future.

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The committee thanked officers for their efforts and for ensuring that the accounts were produced, audited and submitted to the relevant committee's on time.

Resolved that:

- (1) the audit findings report and Grant Thornton's proposal to issue an unqualified audit opinion on these accounts be noted; and
- (2) the annual accounts of the West Midlands Integrated Transport Authority, West Midlands Passenger Transport Executive and the Group be endorsed for onward approval by the West Midlands Combined Authority Board at its meeting on 22 July 2016, subject to the finalisation of the audit and approval of the annual accounts of the West Midlands Pension Fund and the West Midlands Integrated Transport Authority Pension Fund.

**9/16 Proposed Statutory Accounting Treatment for Transfer of WMPTE and WMITA to the Combined Authority**

The committee considered a report of the Director of Corporate Services on the Merger Accounting Treatment for the Statutory Accounting Transfer in relation to the transition of the West Midlands Passenger Transport Executive (Centro) and the West Midlands Integrated Transport Authority to West Midlands Combined Authority.

Resolved that the adoption of Transfer of the West Midlands Passenger Transport Executive and the West Midlands Integrated Transport Authority to the West Midlands Combined Authority by merger accounting treatment be approved.

**10/16 Any Other Business**

**(a) Member Facilities**

Councillor Chambers enquired about the availability of member facilities to enable members to use a PC or their own laptops to undertake work prior to their meetings. The Director of Corporate Services undertook to look into this and agreed to report back to the next meeting.

**11/16 Exclusion of the Public**

Resolved that, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business, on the grounds that the item involved the likely disclosure of exempt information as defined in Schedule 12A of the Act, in particular those paragraphs of Part 1 of the Schedule, as indicated below:

Minute No.	Description Item	Relevant Paragraphs of Part 1 of Schedule 12A
12/16	Internal Audit Report, West Midlands Special Needs Transport, Ring and Ride	3

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13/16 Internal Audit Report, Cyber Security

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**12/16 Internal Audit Report - West Midlands Special Needs Transport, Ring and Ride Ltd**

The committee considered a report of the Internal Auditor on the contract arrangements for Ring and Ride.

The Internal Auditor provided an overview of the audit undertaken and the key issues that were identified. The Internal Audit had provided a satisfactory rating.

Resolved that the report be noted.

**13/16 Internal Audit Report - Cyber Security**

The committee considered a report of the Internal Auditor on the cyber security.

The Internal Auditor provided an overview of the audit undertaken and the key issues that were identified. The Internal Audit had provided a limited rating however it was recognised that a very competent ICT section was in place.

The proposed recommendations had been accepted by management and the necessary actions were currently being undertaken. Councillor Chatfield asked whether a progress report could be presented to the next meeting of the committee. Amanda MacDonald agreed to provide a progress report at the next meeting.

Resolved that

- (1) the report be noted; and
- (2) a further update on the implementation of the recommendations contained within the internal audit report be submitted to the next meeting of the committee on 21 October 2016.

*[The meeting ended at 11.21am]*

**CHAIR**