

**Report to:** Governance and Audit Committee

**Date:** 23 July 2019

**Subject:** **Compliance and Monitoring**

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**1. Purpose of this report**

- 1.1 To consider any changes to the arrangements for internal control in the West Yorkshire Combined Authority since the last meeting of the Committee and to consider the current financial position.

**2. Information**

- 2.1 This paper is provided to each meeting of the Governance and Audit Committee and provides information and assurance on governance issues. Any changes to, or failures of, internal control will be reported along with significant risk issues and an update on the budget position for the current year.

**Internal controls**

- 2.3 There have been no significant changes to internal controls in the period and monthly reconciliations are up to date.
- 2.4 The Regulatory and Compliance Board at officer level continues to meet and will provide information as required to this Committee and the Combined Authority. To date its meetings have considered assurances provided by the work undertaken by internal audit, health and safety, information governance, risks and controls and compliance including financial, HR and other policies, statutory returns and transparency arrangements. Actions are being identified to ensure compliance is adequately documented and evidenced and further information will be provided to this Committee as the work progresses.

**Treasury Management**

- 2.5 The regular governance meetings continue to be held with Leeds City Council to consider and review the transactions relating to investments and treasury management. At the most recent meeting in May 2019 no areas of concern

were raised though the high level of cash balances were considered and the challenges this presents with regard to placing funds with approved counterparties.

- 2.6 Officers from Leeds City Council treasury team will attend the October meeting of this Committee to provide an overview of current arrangements and recent changes to the prudential requirements.

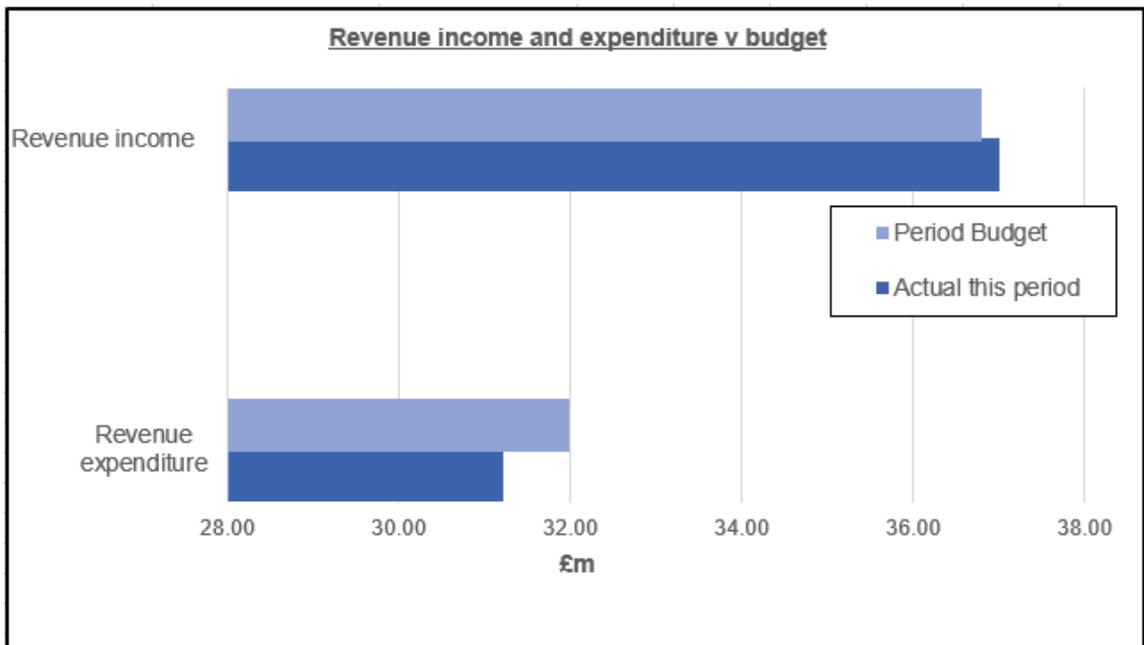
**Key indicators**

- 2.7 The Committee has requested regular information via key indicators, specifically with regard to accidents reportable to the Health and Safety Executive and with regard to key controls.
- 2.8 There have been no further reportable (RIDDOR) accidents reported since the previous meeting, leaving the total for the year at none.
- 2.9 Key indicators are monitored in relation to the suite of financial controls undertaken monthly in both the finance and the concessions and integrated ticketing team. These are both up to date as at the time of writing this report.

**Financial monitoring – revenue budget**

**2019/20**

- 2.10 A summary of the 2019/20 current spend to budget as at June 2019 is attached at **Appendix 1**. A RAG rating has been included to identify budgets that need further review with budget holders. There are no ‘red’ areas of concern to report at this early stage of the financial year. The graphic below summarises the position.



- 2.11 The approved annual budget included a £1.2m deficit to be funded from general reserves. Forecasts will be undertaken during the year and reported back to this Committee.
- 2.12 Progress on capital budgets is being monitored through the Investment Committee which receives regular reports on expenditure forecasts and information on this is available via the papers on the website.

### **Risk management**

- 2.13 Work is continuing to further roll out and embed corporate risk management arrangements throughout the organisation. Areas of corporate risk are continuing to be routinely considered and escalated through items built into the standard agendas for formal meetings including Senior Leadership Team, Senior Management Team, Directorate Management Teams and the Regulatory and Compliance Board.
- 2.14 Senior officers have recently undertaken a detailed review of the corporate risk register and as a result of this have suggested a number of changes. These changes are included in the updated version of the register provided at **Appendix 2**.
- 2.15 One new risk which is assessed as 'high' has been added to the register as follows:
- Risk that the Employment Hub programme does not deliver against expected targets, due to the reliance on third party delivery. This is being mitigated through contract management which involves payment being focused on delivery, and regular consultation with delivery partners.
- 2.16 In addition to the inclusion of new risks, a number of existing risks had their rating re-assessed in light of new developments or countermeasures introduced:
- A risk regarding significant change in organisational operations and objectives arising from changes in national policy (SP3) was raised from 'Unlikely' to 'Possible' due to current central Government leadership changes and the uncertainties regarding Brexit. This has resulted in the overall rating for this risk moving from 'High' to 'Very High'.
  - A risk relating to partnership working (PC1) has reduced from 'Possible' to 'Unlikely' due to progression made on the production and implementation of an organisational partnership strategy.
  - The risk relating to financial penalty due to GDPR non-compliance (R2) has reduced from 'Highly Significant' to 'Moderate' due to increased levels of training delivered and progression against the Information Governance project milestones.
  - A risk relating to the coordination of business support in response to Brexit remained as a 'High Risk' despite significant mitigating action,

due to the continuing uncertainty around the format of the UKs departure, or non-departure, from the EU.

- 2.17 A Members risk workshop is due to take place on the 23rd July involving nominated members of the Combined Authority and the Governance and Audit Committee. The purpose of the workshop is to consider the key strategic risks affecting the organisation and to ensure that these are captured appropriately in order that mitigation plans can be further developed.

### **3. Financial Implications**

- 3.1 As set out in the report.

### **4. Legal Implications**

- 4.1 There are no legal implications directly arising from this report.

### **5. Staffing Implications**

- 5.1 There are no staffing implications directly arising from this report.

### **6. External Consultees**

- 6.1 No external consultations have been undertaken.

### **7. Recommendations**

- 7.1 That the Committee note the information contained in this report.

### **8. Background Documents**

None.

### **9. Appendices**

Appendix 1 - West Yorkshire Combined Authority - Summary Revenue Budget 2019/20 as at June 2019.

Appendix 2 – Corporate risk register