

Report to: Governance and Audit Committee

Date: 30 September 2021

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.

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.

Internal controls

- 2.2 There have been no significant changes to internal controls in the period and monthly reconciliations are up to date.
- 2.3 Measures put in place to enable business to continue during the pandemic remain robust and changes made were fully captured within guidance notes and procedures. Decision making meetings of members have had to revert to being in person since the legislation enabling virtual meetings ceased on 7 May 2021.
- 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. 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, procurement, HR and other policies, statutory returns and transparency arrangements. Actions are being identified to ensure compliance is adequately documented and evidenced. Enhanced dashboard reporting from the Health and Safety Committee is in progress.

Treasury Management

- 2.6 The regular governance meetings continue to be held with Leeds City Council to consider and review the transactions relating to investments and treasury management. The last meeting was on 15 July 2021 and no areas of concern were raised. The high level of cash balances was considered and the challenges this presents with regard to placing funds with approved counterparties.
- 2.7 Following the transfer of the Police and Crime functions to the Combined Authority from 10 May 2021, similar arrangements with regards to policing funds have been adopted. These treasury management arrangements are administered by Wakefield Council and in line with the treasury management policies agreed by the former Office of the Police and Crime Commissioner.
- 2.8 During the next twelve months a fuller review is planned to ascertain whether all the treasury management arrangements would benefit from being administered by a single partner authority.

Key indicators

- 2.9 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.
- 2.10 No further RIDDOR incidents have been reported since the previous meeting, leaving the total for the year at two.
- 2.11 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 2020/21 – Final Outturn

- 2.12 This is covered under the separate agenda item presenting the 2020/21 accounts for approval.

Revenue Budget and Capital budget 2021/22

- 2.13 The approved revenue budget for 2021/22 was a balanced position at the start of the year, whilst recognising the risks still being managed as due to the national pandemic.
- 2.14 The financial position is being monitored through the newly formed Finance, Resources and Corporate Committee which will receive regular reports on expenditure forecasts and financial performance information. The Committee is asked to consider which aspects of financial performance it wishes to

monitor at its meetings. The latest reporting on performance against budget is attached as **Appendices 1 and 2**.

Risk management

- 2.15 In line with the provisions of the corporate risk management strategy, regular review of the key strategic risks affecting the organisation continues to be undertaken at both a directorate level and a corporate level.
- 2.16 In parallel to the ongoing review of risks, work has also recently been undertaken to update the Combined Authority's operational business plans for 2021/22. This has been necessary in order to ensure that the continuing implications of the Covid-19 pandemic have been properly accounted for, and to ensure that day to day business priorities adequately reflect and support the Mayor's pledges.
- 2.17 Following on from this review of business plans, a full review of the corporate risk register is now in progress and it is proposed that the register is updated and re-baselined to take account of the findings from this review. In lieu of this review being completed an updated summary of the current Corporate Risk Register is attached at **Appendix 3**.
- 2.18 In line with feedback provided by the Committee at their July meeting, further information has been included within this summary on mitigation measures and to show direction of travel of each risk since the last reporting period. It should however be noted that the current methodology used to calculate an overall severity rating for each risk, places a greater emphasis on the impact of the risk in comparison to the likelihood. As such those corporate risks which are considered to have the highest rating in terms of their potential impact, are less likely to be downgraded in terms of their overall severity rating, even where the likelihood of the risk happening is reduced.
- 2.19 Following completion of the full update to the Corporate Risk Register, it is proposed to provide the Governance and Audit Committee with a more comprehensive corporate risk report at future meetings. It is proposed that this will include the following information
- Overview figures to show the total number of risks contained within the Corporate risk register, to be grouped by severity and to show change in these numbers since the last reporting period;
 - Full details for all of those risks within the register which are rated as 'very high' or 'high';
 - More comprehensive details of the mitigation measures in place for these risks and details of mitigation owners;
 - Direction of travel for each risk to show movement during the reporting period; and
 - Date showing when risks were originally escalated to the Corporate Risk Register to indicate the length of time that the risk has been 'live'.

2.20 In line with feedback previously received from the Committee, it is also proposed that a 'deep dive' is undertaken for all those risks within the Corporate risk register which have a 'very high' severity rating.

3 Tackling the Climate Emergency Implications

3.1 There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report

5. Financial Implications

5.1 As set out in the report.

6. Legal Implications

6.1 There are no legal implications directly arising from this report.

7. Staffing Implications

7.1 There are no staffing implications directly arising from this report.

8. External Consultees

8.1 No external consultations have been undertaken.

9. Recommendations

9.1 That the Committee consider the information contained in this report.

10. Background Documents

None.

11. Appendices

Appendix 1 – Financial monitoring (revenue).

Appendix 2 – Financial monitoring (capital).

Appendix 3 – Corporate risk register.