

**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON THURSDAY, 7 MARCH 2024 AT COMMITTEE ROOM 1,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Debbie Simpson (Chair)
Councillor Silvia Dacre
Councillor Paul Davies
Joanna Wardman

Independent Member
Calderdale Council
Kirklees Council
Independent Member

In attendance:

Alan Reiss (Chief Operating Officer)
Angela Taylor (Director)
Caroline Allen (Deputy Director)
Bronwyn Baker (Officer)
Gary Dowson (Officer)
Adam Hunt (Officer)
Myles Larrington (Officer)

West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority

1. Apologies for Absence

Apologies for absence were received from Councillors Susan Hinchcliffe (Bradford), Alan Lamb (Leeds), Cathy Scott (Kirklees) and Jane Scullion (Calderdale).

Councillor Paul Davies (Kirklees) attended the meeting as a substitute for Councillor Scott.

2. Declarations of Disclosable Pecuniary Interests

There were no declarations of pecuniary interests at the meeting.

3. Exempt Information - Possible Exclusion of the Press and Public

The Chair observed that Appendix 3 to Agenda Item 11 contained exempt information. The Committee agreed by unanimous consent that, if this were to be discussed, the Committee would sit in private with the exclusion of the press and public. Accordingly, the following resolution was passed:

Resolved: That in accordance with paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded

from the meeting during consideration of Appendix 3 to Agenda Item 11 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. Minutes of the Meeting held on 16 October 2023

Resolved: That the minutes of the meeting of the Governance and Audit Committee held on 16 October 2023 be approved as a correct record.

5. Notes of the Informal Meeting held on 11 January 2024

The Chair made reference to the notes of the informal meeting of the Committee held on 11 January 2024 which had been attached to the agenda pack in error. Since the meeting had been inquorate, the informal notes were noted by members of the Committee.

Resolved: That members of the Committee noted the written account of the informal meeting of the Governance and Audit Committee held on 11 January 2024.

6. Internal Audit Progress Report

The Committee considered a report which asked members to review the Internal Audit Progress Report.

It was stated that all positions had been filled following successful recruitment campaigns. A draft business case for the internal audit service had been developed to address growing organisational priorities and resource needs, pending consideration by senior management.

Whilst progress against the audit plan had experienced some delays, five reports had been completed since the last update. Additional resources were expected to facilitate completion of sufficient audit work for an overall opinion to be provided. The report also highlighted two new referrals for fraud, whistleblowing and money laundering investigations since the last update, with one investigation concluded.

Members made the following observations:

- Members supported the case for the necessary resources to be provided to Internal Audit. Members also noted the challenges of the jobs market and enquired about the need for job retention arrangements and training for staff. Officers responded by emphasising recruitment efforts, retention strategies, and training initiatives were outlined in the business case.
- Members enquired about fraud qualifications and strategies within the audit team. In response, officers confirmed this was addressed by

discussing training plans and potential shared resources among government agencies. The Chair emphasised a rise in fraud whistleblowing cases and sought measures for synergy across cases, hinting at an endemic issue. Officers discussed trends and prevention efforts regarding fraud cases, stressing the significance of prevention work in detecting and controlling fraud risks.

- The Chair raised questions regarding reporting structures in the climate change report and differences between the summaries in adult education reports. Officers explained the varying levels of assurance based on provider types in adult education reports and discussed ongoing actions in the transport sector, indicating positive progress.
- Members suggested an age assessment for overdue recommendations to understand identified risks better. Officers agreed to provide an age assessment for overdue recommendations.

Resolved: The Committee noted the contents of the report relating to the Internal Audit Progress Report update.

7. Internal Audit Plan 2024-2025

The Committee considered a report seeking approval for the internal audit plan for 2024/25.

Members noted that the plan had been presented in draft form to the January meeting of the Committee for early feedback. It aimed for a balanced approach across all directorates to reflect the expanded scope of West Yorkshire Combined Authority delivery.

The plan included key areas such as contract management, project oversight, and cyber security. Rolling reviews on major programmes like Mass Transit and Adult Education Budget were prioritised, alongside efforts to enhance counter-fraud measures and whistleblowing investigations with the potential for additional resources.

The Committee proceeded to unanimously endorse the Internal Audit Plan for 2024/25.

Resolved:

- (i) The Committee noted the contents of the report and provided feedback.
- (ii) The Committee considered and approved the Internal Audit Plan 2024-25, as outlined in the submitted report.

8. External Audit Progress Report

The Committee considered an update report on external audit matters.

The report highlighted that external auditors, Mazars, had completed the 2021/22 audit with an unqualified opinion and were currently finalising the

value for money opinion. The Committee noted the ongoing national picture of delays in the local government audit system.

The draft financial statements for 2022/23 had been issued, with Mazars planning the audit approach. The Department for Levelling Up, Housing and Communities and the National Audit Office had launched consultations to address local audit backlog, proposing backstop dates and reforms. Responses to the consultations were to be submitted online by 7 March 2024, expressing support for backlog resolution and concern over audit fee clarity, following the significant national audit fee increases.

Mazars presented an update on their position regarding external audit work.

The Director for Finance and Commercial Services proposed circulating the final value for money report when available and then tabling at the next formal meeting.

Members considered the possible implications of delays to external audit assurances and noted that Mazars continuance in their position as auditors made the management of extended audit deadlines easier to manage.

After the Committee had concluded their comments, Alastair Newall, from Mazars, committed to providing written reports for committee meetings and welcomed questions outside the meeting. The Director for Finance and Commercial Services assured the Committee that circulation of relevant documents to members would take place.

Resolved: The Committee noted the contents of the report and offered feedback on the position relating to the external audit work.

9. Treasury Management

The Committee considered a report which updated members on Treasury Management activities since January 2024.

Officers highlighted ongoing governance meetings with Treasury partners and confirmed that no areas of concern had been raised since the last meeting. Plans to consolidate treasury management arrangements under a single partner authority were reiterated. The report noted the approval of the Treasury Management Statement and Strategy by the West Yorkshire Combined Authority.

It also outlined key economic indicators, including the Monetary Policy Committee's decision to maintain the base interest rate and forecasts for inflation. Implementation progress regarding the CIPFA Codes of Practice for Capital and Treasury Management was discussed, with ongoing work and the development of a new reporting pack.

The Chair expressed the need for more narrative in the graphical presentations for clarity, which officers agreed to action.

Resolved: The Committee noted the contents of the report and provided feedback.

10. Compliance and Monitoring

The Committee considered a report concerning the compliance dashboard, which included updates on information and communications technology, complaints, correspondence and casework, health and safety, and Internal Audit. Additionally, it discussed legal, governance, and compliance matters, Human Resources, and financial updates, including revenue and capital expenditure summaries for the third quarter of 2023/2024. The report noted the approval of revenue and indicative capital budgets for 2024/25 by the Combined Authority.

In discussion, Members:

- Queried the pattern of complaints reduction in schools. Officers explained the spike in September was due to the commencement of the school term with significant complaint declines after that period.
- Questioned the organisation's protection against cyber-attacks, and specifically the position regarding insurance. Officers confirmed that the organisation did not hold this kind of insurance due to its lack of effectiveness and consequent poor value for money.
- Raised the rising numbers of inoperative committees and if insights from other Combined Authorities could be sought. Officers explained efforts to address the issue through the implementation of the Scrutiny Protocol.

Resolved: The Committee noted the contents of the submitted report and provided feedback.

11. Risk Management

The Committee considered an update report on the Combined Authority's risk management strategy and corporate risk register.

The report outlined plans to integrate risk management into the organisation's new structure and proposed revisions to the corporate risk management to reflect updated roles and responsibilities. It presented a draft revised risk management for review.

The corporate risk register had been reviewed and was being actively managed to ensure it was up to date and the necessary mitigation actions were being taken. It identified 12 risks, with cyber security being the most critical. Mitigations for cyber security risks were detailed, along with projections for mitigating other risks. Additionally, the report highlighted new risks, such as security concerns and provided action plans for mitigation.

It was noted that Appendix 2 of the report contained exempt information and that, in accordance with the resolution passed during Agenda Item 3, the Committee would sit in private if this item were to be discussed.

Members made the following observations:

- Members enquired about the items listed in the risk register as 'issues' rather than 'risks', prompting the Chief Operating Officer to clarify, in response, that some issues were treated as risks due to their ongoing nature. He explained the process of reviewing the risk register, involving the leadership team and the Internal Leadership Board (ILB), and emphasised the tracking of mitigations in progress.
- The Chair sought assurance on mitigation progress, the Chief Operating Officer explained the tracking process for high-risk items. He noted that high-risk items had been prioritised for mitigation, with additional work ongoing for lower risk items.
- The Chair enquired about plans to enhance the action plan for better tracking and presentation in future committee meetings. The Deputy Director for Legal, Governance indicated officers would look at this before the next meeting of the Committee.

The Chair then turned to the discussion of Appendix 2. In accordance with the resolution passed during Agenda Item 3, the Committee sat in private for the duration of the discussion, with the press and public excluded from the proceedings.

Resolved:

- (i) The Committee noted the contents of the report, discussed the proposed revisions to the Risk Management Strategy and provided feedback.
- (ii) The Committee endorsed the revised corporate risk register and action plan.

12. Date of the Next Meeting

It was noted that the next meeting of the Governance and Audit Committee would be confirmed at the Combined Authority's Annual Meeting in June, subject to the approval of the proposed Calendar of Meetings 2024-25.