

**NOTES OF THE INFORMAL MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON MONDAY 28 OCTOBER 2024 AT COMMITTEE ROOM 1,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Debbie Simpson (Chair)	Independent Member
Councillor Jane Scullion (Deputy Chair)	Calderdale Council
Councillor Alan Lamb	Leeds City Council

In attendance:

Councillor Barry Anderson	Chair of Scrutiny Committee
Mike Ford	Chair of Joint Independent Audit Committee
Alan Reiss (Chief Operating Officer)	West Yorkshire Combined Authority
Angela Taylor (Director)	West Yorkshire Combined Authority
Bronwyn Baker (Officer)	West Yorkshire Combined Authority
Ismail Mayat (Officer)	West Yorkshire Combined Authority
Caroline Norreys (Officer)	West Yorkshire Combined Authority
Adam Hunt (Committee Services)	West Yorkshire Combined Authority

15. Inquorate Meeting Status

The meeting was inquorate and therefore members were unable to meet in a formal capacity and take decisions. Those members who were in attendance met informally to discuss the items which were on the published agenda.

16. Apologies for Absence

Apologies for absence were received from Councillor Carole Pattison (Kirklees Council) and Councillor Denise Jeffery (Wakefield Council).

17. Declarations of Disclosable Pecuniary Interests

There were no declarations of pecuniary interests at the meeting.

18. Exclusion of the Press and Public

There were no agenda items present on the agenda which required the exclusion of the public and press.

19. Minutes of the Meeting of the Governance and Audit Committee held on 7 March 2024

The minutes would go for approval at the next meeting due to this meeting being inquorate.

20. Notes of the Informal Meeting held on 1 August 2024

The notes of the Informal Meeting held on 1 August 2024 would go for approval at the next meeting due to this meeting being inquorate.

21. Chair's Update

The Chair reported that interviews were conducted for four candidates for the new two positions of Independent Audit Committee members, and offers were extended to Dave Meritt and Rob Winter for the two available positions. The Chair noted that both would be formally appointed at the Combined Authority meeting next week and that they would be valuable additions to the committee.

The Chair also mentioned the upcoming Government budget announcement on Wednesday and that she would monitor how any budget decisions would impact devolution and potential funding changes in local government.

22. Governance Arrangements and Forward Plan 2024/25

The Committee considered a report, which outlined to members the governance arrangements set by the West Yorkshire Combined Authority at its Annual Meeting on 20 June 2024 for the Governance and Audit Committee. The report advised on the approved terms of reference, which included recent updates removing outdated references to the LEP and specifying the Committee's role in approving the annual audit plan. The proposed work programme for the upcoming year was also reviewed.

Officers introduced the report and highlighted key details, which included the appointment of Debbie Simpson as Chair of the Committee and the current independent member vacancy following Joanna Wardman's resignation. The Combined Authority endorsed recruiting two new independent members to enhance scrutiny, with recommendations expected at the 31 October meeting. Meeting dates for the year were scheduled, and a forward plan was outlined to cover the Committee's primary responsibilities, allowing flexibility for additional agenda items as needed.

The report would go to the next Governance & Audit Committee for formal approval.

23. Internal Audit Progress Update

The Committee considered a report, which updated members of the Governance and Audit Committee on the Internal Audit Team's progress, audit plan adjustments, and preparations for an External Quality Assessment

(EQA). The report provided a revised Internal Audit Charter with minor amendments and noted ongoing recruitment efforts to address staff shortages impacting the audit team's capacity.

Officers introduced the report, and highlighted that five audits had been completed, which included a limited assurance review of HR Disciplinary, Conduct, and Capability policies, where improvements had already been implemented. Fraud, whistleblowing, and money laundering investigations were ongoing, with co-sourced resources temporarily being assisted while recruitment proceeded. Minor updates to the Internal Audit Charter were outlined, with a full review planned for 2025. Lastly, an EQA peer review was scheduled for December 2024, with results expected by the January Committee meeting, which would affirm compliance with Public Sector Internal Audit Standards.

Members discussed the peer review, with officers having noted that peer review costs have risen alongside other audit expenses. Officers stated that a reciprocal arrangement was proposed with Transport for Greater Manchester (TfGM), which would incur no additional costs. Since Transport for Greater Manchester was more experienced in bus franchising than the West Yorkshire Combined Authority this partnership would be advantageous. An independent moderator would be involved to ensure the process is conducted correctly and fairly.

Members requested assurance on the moderator's role in any peer review and emphasised the need for objectivity rather than mutual endorsement. Officers assured that the moderation process would maintain rigor and fairness, with safeguards against potential bias. Mike Ford, the Chair of Joint Independent Audit Committee, confirmed that similar peer review practices were followed by police services, in having ensured process independence was adhered to.

The Chair referenced the Internal Audit Charter and noted the Head of Internal Audit's role in self-assessment and to have ensured independence. The Chair asked about internal auditors having had direct access to senior management, particularly with the Chief Operating Officer. Officers stated that internal audit had direct access to senior leadership.

24. External Audit Update

The Committee considered a report, which provided members an update on recent developments in external audit practices and regulations which had affected local authority audits. The report outlined the Ministry of Housing, Communities, and Local Government (MHCLG) and National Audit Office consultations in early 2024, aimed at addressing audit backlogs and to have ensured timely financial reporting. It detailed the introduction of backstop dates requiring audits to conclude by set deadlines, which had begun with a December 2024 deadline for the 2022/23 audits.

Officers introduced the report and noted that the backstop arrangements would lead to a high volume of disclaimed opinions, which would particularly have affected 2022/23 and 2023/24 audits due to compressed timelines. The Committee was informed that the Combined Authority's 2023/24 audit fee

would increase, and preliminary positive assurance on the value for money review for 2022/23 had been received. Auditors also outlined the approach to have prioritised the 2023/24 statement of accounts while having advised that additional meetings would be necessary ahead of each backstop date.

The Chair asked about key controls in finance at the West Yorkshire Combined Authority and emphasised the importance of awareness around controls in key financial systems. Officers responded that this had been addressed in the dashboard and compliance checks to assess adequacy for financial systems. Officers also highlighted the limitations of internal audit scope and noted the need to review whether internal control testing was adequately addressed. The Chair noted that it would be beneficial to understand which controls are effectively covered within the audit framework.

25. Treasury Management Update

The Committee considered a report, which provided members with an update on Treasury Management activities since the last meeting in August 2024. Regular governance meetings were held with Leeds City Council for the Combined Authority Fund and Wakefield Council for the Police Fund to review transactions and investment activity, with no concerns raised. The report highlighted ongoing challenges with high cash balances and limited options for placing funds with approved counterparties.

Officers introduced the report and noted the objective to consolidate treasury management under a single authority. The Treasury Management Strategy, approved earlier in 2024, remained unchanged, and West Yorkshire authorities agreed to support each other's funding needs. An economic outlook update revealed the base rate was held at 5%, with CPI inflation anticipated to fluctuate. Implementation of CIPFA's 2021 Codes of Practice continued, with new reporting tools under development. Treasury Management training for committee members was being coordinated with Leeds City Council.

Officers confirmed that a training session on treasury management would be held on 21st November 2024, which would be delivered by Leeds City Council, to support members' understanding of treasury management in local government.

Members expressed concerns about uncertainties in interest rates, including future trends for the Public Loans Board rate, and highlighted the need for caution and vigilance in treasury management due to multiple ongoing financial factors, such as the budget. Officers reassured members that the upcoming training session would address these concerns, providing guidance on managing the complexities and risks in treasury management.

26. Risk Management

The Committee considered a report, which presented members with the development plan for the Risk Management Strategy (RMS) and interim updates to the corporate risk register. The report outlined the recent work undertaken by the new Risk & Compliance Manager to evaluate and enhance

the risk management practices of the Combined Authority (CA), which aimed to improve transparency, accountability, and operational efficiency. The plan was reviewed and approved by the Corporate Centre Management Board and subsequently shared with the Internal Leadership Board.

Officers introduced the report and explained that the RMS Development Plan will standardise the CA's approach to risk management across all departments, aligning it with ISO31000. Key focus areas included an enhanced risk ownership, identification, and controls, as well as improved reporting and escalation processes. The plan's success depended on coordinated stakeholder engagement and alignment with corporate initiatives. Deliverable reports from the RMS plan would be presented in future Governance and Audit Committee meetings.

The Chair commended the thoroughness of the Risk Management Development Plan. Officers noted that the plan involved significant transformational change across the organisation and acknowledged existing challenges. Multiple risk workshops, which would include various levels of officers and directors, had been established to ensure comprehensive engagement and a shared understanding of risk at the West Yorkshire Combined Authority.

The Chair enquired about the cultural readiness for the Risk Management Development Plan. Officers reported that early feedback from senior officers indicated a positive reception to a collaborative approach. Officers were shifting to a unified, collective strategy for enterprise risk management and had built on existing work by the West Yorkshire Combined Authority.

Members commented that the Combined Authority was still in a growth phase, and that the Risk Management Development Plan represented a step forward in its maturation process. They highlighted the potential risks posed by financial challenges within the five councils in West Yorkshire, particularly if one council experiences financial distress, which could impact the West Yorkshire Combined Authority. The Chair expressed anticipation for further developments and how these efforts would progress.

27. Compliance and Monitoring Report

The Committee considered a report on the updates to internal control arrangements within the West Yorkshire Combined Authority since the last meeting. The report provided details on the Authority's compliance with regulatory obligations, using a compliance dashboard for transparency. Additionally, it summarised the outcomes of grant applications reviewed under the Conflicts of Interest Protocol for the previous financial year and confirmed adherence to all regulatory guidelines.

Officers introduced the report and highlighted key updates. Digital security saw no successful malware attempts, with ongoing efforts toward Cyber Essentials certification by 2024. Health and Safety measures included introducing infringement officers at Halifax Bus Station to reduce near-misses. Financially, Quarter 1 recorded a net expenditure variance of £0.4 million, and capital expenditures forecasted at £445.7 million for 2024/25, with £50.7

million already spent. In governance all grant applications adhered to conflict management protocols without breaches.

The Chair noted the value of the data figures and highlighted that linking them to risk would provide insight into outcomes that followed data review.

Members discussed safety concerns and noted that while there was near misses during the phased opening of the Halifax bus station, the station was now safe. Officers explained that the increase in reported near misses was due to improved reporting and the phased opening process. Enforcement officers were deployed both at Halifax bus station and across the network to ensure safety vigilance.

The Chair raised questions about data security. Officers explained that certain thresholds must be met for incidents to be reported, with improved reporting mechanisms now in place. There was also new cyber security training for officers across the West Yorkshire Combined Authority.

28. Managing The Combined Authority's Portfolio and the Assurance Framework

The Committee considered a report on the management of the Combined Authority's portfolio, which was presented on 19 September 2024. The report identified delivery pressures within the Authority's portfolio and proposed revisions to enhance focus on funding allocation and readiness for future devolution. It also discussed the impact of these adjustments on the Assurance Framework, approved earlier in July 2024.

Officers introduced the report and outlined the key recommendations to improve portfolio management. This included to prioritise high-readiness projects, having redefined funding protocols, and to have ensured cost management via regular reporting. Revisions to the Assurance Framework focused on simplification, flexibility, and alignment with partner processes. Implementation of new governance structures, an officer-led Investment Board, and revised project templates was also reported. Additionally, an Assurance Network was established to promote shared learning, while further modifications to streamline processes and enhance strategic alignment were being finalised, with an updated framework set for completion in November 2024.

The Chair enquired about the application of proportionality to all schemes and sought clarification on whether this approach would be universally applied. Officer clarified that proportionality would indeed be applied across all schemes, though some schemes might be grouped within broader programs rather than evaluated individually. The Chair expressed an interest in monitoring the development of this approach over time.

29. Annual Report from the Joint Independent Audit Committee

The Committee considered a report, which provided Members with the Joint Independent Audit Committee's (JIAC) annual report. This report outlined JIAC's role in overseeing audit and risk aspects of West Yorkshire policing

since the 2021 Mayoral election, when responsibilities transferred from the former Police and Crime Commissioner to the Mayor. The report was published on the JIAC website and serves as part of the Mayor's oversight of West Yorkshire Police.

Officers introduced the report and noted that JIAC's Chairs and the Governance and Audit Committee of the West Yorkshire Combined Authority agreed to present it to the Committee for insight into potential areas of interest. The report highlights JIAC's support for the Mayor's accountability role in policing and crime. The Chair of JIAC, Mike Ford, attended the meeting and discussed the report and its implications.

Mike Ford presented the annual report from the Joint Independent Audit Committee. Members discussed the potential for the committee to benefit from similar exercises across the public sector, suggesting learning from others could enhance the Committee's work. The Chair noted that a previously active regional chairs' forum, which fostered idea-sharing and networking, had been a valuable resource.

Members raised concerns about the challenges in comparing performance data among Combined Authorities nationwide, as disparities in methodologies hinder meaningful comparisons. They highlighted the report's qualitative focus and suggested including more quantitative data for a balanced assessment. Mike Ford responded that the Joint Independent Audit committee had a robust risk management process. Officers acknowledged the committee's maturity and distinctive role, particularly given that the Combined Authority owns the assets, and noted the potential for learning and sharing best practices within the Yorkshire region.

30. Date of the Next Meeting

The Committee was advised that the next meeting of the Governance and Audit Committee was scheduled to take place on Monday 20 January 2025.

31. Angela Taylor

Members of the committee gave thanks to Angela Taylor, Director of Finance and Commercial Services, for her hard work and commitment in supporting the committee. It was noted that this meeting would be her last Governance and Audit Committee, as she was retiring from her role at the Combined Authority.