

Agenda Item No. 6

WEST MIDLANDS REGIONAL ASSEMBLY

Board of Directors – 16 September 2005

NOTES OF THE AUDIT COMMITTEE – WEST MIDLANDS REGIONAL ASSEMBLY LTD HELD ON 8 APRIL 2005

- Present:** Ben Reid (Chair- WMBC); Cllr Les Kyles (Solihull), David Littlemore (on behalf of Other Stakeholder Group) and Brian Summers (WMBC).
- Apologies:** Valerie Broom
- Corporate Governance Action Plan** A report seeking endorsement of the corporate governance action plan and agree monitoring arrangements was considered.
- In October 2004, the Board was advised of the Corporate Governance review jointly undertaken by the Assembly, WMLGA and WMiE to measure organizations against the CIPFA/SOLACE Code of Corporate Governance. Having undertaken the review a list of activities were required attention were identified.
- The resulting corporate governance action plan was appended to the report for consideration. Particular attention was drawn to: member training (including legal responsibilities and probity), insurance arrangements, staff development, and a review of financial systems and HR policies.
- The Committee were recommended to endorse the corporate governance action plan and to be advised of progress against implementation.
- In view of the anticipated budgetary position, the Committee **requested** that officers revise the action plan and report back to the next meeting. The Committee was keen to ensure a realistic, pragmatic approach was adopted.
- Risk Management** The Committee considered a report setting out details of the risk management process in respect of the management of the Assembly's affairs across all its activities.
- The risk management assessment undertaken last year was now being revised. The revised assessment would enable the Audit Committee to maintain an oversight of how risks areas were being managed and on behalf of the Board initiate any

External Audit report

reviews deemed necessary.

The Committee was invited to comment on the revised risk assessment and note that the process will be completed as part of the overall corporate governance review during this year.

The Assembly is playing an increasingly important role managing some significant areas of public business. Our risk assessment will enable the Chief Executive and Board of Directors to provide assurance to the members and stakeholders that the organisation is managing all its affairs efficiently and effectively.

The attached table set out the first part of a revised risk assessment undertaken by SMT. It followed the general accepted format set out last year for assessing the risks, identifying the impact and probability of those risks occurring and the activity being undertaken to minimise the possibility of that risk arising.

The assessment suggests that the Assembly is not operating in a particularly high risk environment but is vulnerable on quite a wide front of if these risks areas were manifested.

This process was intended to guide the Audit Committee, Board and Chief Executive as to where a review or changes to arrangements might need to be undertaken.

The Committee **endorsed** the draft Risk Assessment table and requested a review at its next meeting.

The Committee received the external audit report dated 18th March 2205 prepared on behalf of the Government Office for the West Midlands.

The external Audit report was attached as Appendix B. Section 1 outlined its purpose and scope, which was to ascertain the adequacy of the Assembly's internal control system and provide assurance to GOWM that the Assembly was complying with ODPM grant conditions.

The overall conclusion was that WMLGA/WMRA was paying due regard to the grant offer letters and was

achieving a high level of compliance. It did, however, recommend some areas for attention.

These were summarised below:-

Fixed Assets –Clarification had been sought from ODPM as to how they would wish these to be treated. Our Corporate Governance action plan identified the establishment of a fixed Asset register as a task for this year (once clarification had been received)

Internal Audit –The report recommended the establishment of an internal audit function. The Committee **endorsed** this.

Disaster Recovery plan/Business continuity - External support had been commissioned to prepare this. The results were expected shortly.

Finance Procedures - With the support of the Finance Advisory Group comprising of the Senior Director and Treasurers from 3 local authorities, a full review of all finance procedures was in hand.

The Committee **endorsed** the findings of the External Audit report and requested that officers **investigate** the establishment of an internal audit function.

Future composition and operation of the Audit Committee - discussion

In light of the discussions to review the composition of the board of Directors, it was **agreed** that the composition of the Audit Committee should be considered following the Annual General Meeting.

Next meeting

It was **agreed** that the Audit Committee would next meet in December 2005.