

**West of England Combined Authority
West of England Combined Authority Audit Committee**

Thursday, 17 November 2022, Times Not Specified
The Orchard Room at Bailey's Court Activity Centre, Baileys Court Rd, Bradley Stoke, Bristol BS32 8BH
3 Rivergate, Bristol BS1 6ER

Present:

Cllr Geoff Gollop, Bristol City Council
Cllr Sarah Classick, Bristol City Council
Cllr Jonathan Hucker, Bristol City Council
Cllr Brenda Massey, Bristol City Council

Cllr David Wilcox, Bristol City Council
Cllr John Ashe, South Gloucestershire Council
Cllr John O'Neill, South Gloucestershire Council
Mark Hatcliffe, Independent Member of WECA Audit Committee

Officers In Attendance:

Apologies:

Cllr Hal MacFie, Bath & North East Somerset Council

Cllr Matthew Riddle, South Gloucestershire Council

Minutes

1	Evacuation Procedure The evacuation procedure was noted.
2	Apologies for absence Apologies for absence had been received from Cllr Mark Bradshaw, Cllr Matthew Riddle and Cllr Hal McFie. Cllr Trevor Jones attended as substitute on behalf of Cllr Matthew Riddle. Cllr Winston Duguid attended as substitute on behalf of Cllr Hal McFie.
3	Declarations of Interest under the Localism Act 2011 There were no declarations of interest declared under the Localism Act 2011.
4	Election of Vice-Chair for Municipal Year 2022/23 The Committee were requested to elect a Vice-Chair for Municipal Year 2022/23. Councillor David Wilcox indicated that he was willing to stand for this position. This nomination was proposed by Councillor Geoff Gollop and seconded by Councillor Sarah Classick. There were no other candidates. On a show of hands it was unanimously Agreed: That Councillor David Wilcox be elected as Vice-Chair of the West of England Combined Authority for Municipal Year 2022/23.
5	Chair's Announcements There were no Chair's announcements although the Chair did circulate a statement to Committee members in advance of the meeting in respect to Item 8 which is reproduced under that item.
6	Minutes The minutes of the inquorate meeting held on 12 October 2022 were agreed and endorsed subject to the following additions: <ul style="list-style-type: none">In respect of Item 10 the Committee requested that CRSTS be added to the list of items for a possible 'deep dive' study by Auditors.

	<ul style="list-style-type: none"> The Committee also requested that the risk register relating to buses and the forward plan of future items be brought to the next meeting.
7	<p>Items from the Public (Questions, Statements and Petitions) Five statements had been received from Members of the Public in advance of the meeting. These statements had been published and circulated.</p> <p>One member of the public attended the meeting and addressed the Committee for up to three minutes on the topic of his statement as follows:</p> <ul style="list-style-type: none"> Joe Aldous, local bus services. <p>The Chair of the Committee stated that he, in consultation with the Chair of the Authority's Overview & Scrutiny Committee, would ensure that the situation with local bus services be looked into as a matter of urgency with the Committee's using their powers to influence decision-making where possible whilst noting the possible significant reputational risk the situation posed for the Authority. The statements received would be referred to the Metro Mayor for his attention as the local decision-maker.</p>
8	<p>Consideration of the recommendations of the Authority's External Auditors The West of England Combined Authority Audit Committee were requested to consider a report and submit their views upon a report prepared for the Combined Authority's Committee meeting, called under section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under Schedule 7 required the Combined Authority to discuss and respond publicly to the report and the Committee would meeting on the rise of the Audit Committee. The report was asking the Combined Authority Committee to consider the written recommendations of the Auditors VfM report on Governance issued by the Combined Authority's External Auditor. A series of recommendations were set out together with an action plan in response to the Audit (Appendix 1). The VfM report was attached to the report at Appendix 2. Jon Roberts, Barrie Morris and Tom Foster attended the meeting on behalf of Grant Thornton and set out the findings of the report in detail.</p> <p>The Chair had submitted a statement in respect of this item which had been circulated to the members of the Committee prior to the meeting as follows:</p> <p><i>There are so many potential issues raised, that I thought it might be worth outlining the areas that I feel we need to focus on.</i></p> <p><i>Just to be clear, I am not trying to stop members raising other issues, but I do feel we need to focus if we are to be effective.</i></p> <p><i>As a committee our initial concerns were around the severance matter and these were raised in September 2021, the wider governance issues arose later in the autumn and were discussed at both scrutiny and audit committee.</i></p> <p><i>The severance matter remains a concern as the role of Monitoring and 151 officer should have been a critical check and balance in the decision-making process. I believe we are all agreed on that and see the intended publication of the protocol as recognition of that.</i></p> <p><i>Whilst it is important those lessons are learnt and such a situation is never allowed to happen again, further detailed discussion is unlikely to produce any better outcome. I suggest we note the seriousness of the failure to use statutory officers and urge the immediate adoption and publication of the new protocol.</i></p> <p><i>I suggest we then move on to the wider governance issues for the bulk of our discussion. I know all members will have views on those issues, but I suggest we</i></p>

*don't try to redo the excellent work that the auditors have done!
I give a few comments below which indicate my own views
I suggest we focus on the Auditors recommendations and the officers' responses to those recommendations. Are the responses specific enough to deliver measurable improvement? I suggest that we try to focus on the action plan and require officers to set measurable indicators rather than informal promises, and that we emphasise the importance of co-working on all aspects of the authority's decision making including its responses to this auditor's report.
It is depressing that it has taken 14 months for this report to be presented. It is concerning that responses still talk of matters being looked at in the New Year. I suggest we emphasise that these issues are urgent and require immediate action. I suggest we ask for a reworked action plan and officer response to be brought to our next audit committee meeting and that both should be agreed between WECA and the UAs. I recognise that is a tight time frame as publication would be 5th December. Reacting to issues raised by the auditors is not optional and should not be vague. We should request a clear timeline for each area of work arising from this report with details of how it will be implemented
I conclude by emphasising that it is not Audit Committee's responsibility to design and implement the action plan. That lies with the committee directing officers. It is not even our responsibility to design mechanisms for monitoring. However, we should expect to receive regular reports with robust evidence to indicate improvements being made and we should request officers to establish that process urgently.
I will be representing the audit committee view at the Committee at 1pm after our meeting. I will happily change and will try to summarise these at the end of the discussion*

Members had also been requested to pre-submit any questions on the report to External Auditors or to officers of the Authority. Written responses from officers had been circulated.

Jon Roberts explained that the report related to the 2020/21 External Audit of the West of England Combined Authority. During this work the external auditor (Grant Thornton) had determined that some issues had required further consideration. Grant Thornton's work focused on investigating those issues, the results of which are set out in their "VfM Report on Governance". The full report was attached at Appendix 2.

The report contained 9 recommendations, of which 3 were identified as statutory recommendations. Statutory recommendations were written recommendations to the Combined Authority made by the Auditor under section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under Schedule 7 required the Combined Authority to discuss and respond publicly to the report. This discussion and response would be taking place at the subsequent Committee Meeting which was being held within one month of receiving the report and written recommendations as required by the Act.

These written recommendations were as follows:

Statutory recommendation 1: The Mayor and members of the Combined Authority represented by the Council Leaders, must commit to improving their working relationship and demonstrate that significant progress has been made within a

reasonable timeframe to be determined by the Mayor and Combined Authority. This should include a role for independent mediation and the constructive consideration of advice arising from this process..

Statutory recommendation 2: A formal protocol should be agreed between member organisations within the Combined Authority to commit to consultation on key proposals, that they should define, at an earlier stage. Combined Authority members should engage effectively in this process, to help mitigate points of contention before they are published and debated in public. This should include a commitment to deliver proposals on a reasonable timetable.

Statutory recommendation 3: In future, in all circumstances, including where there is a potential conflict of interest affecting individual statutory officers, adequate steps must be taken to ensure the statutory duties of these officers is effectively discharged.

Key recommendation 1: The future management structure of the Combined Authority should be reviewed in order to ensure it is fit for purpose in the context of new funding awards and strategic priorities and this must include appropriate consultation and agreement by the CA Committee.

Key Recommendation 2: The Constitution of the Combined Authority should be revised to define the conditions under which it is acceptable for other officers and members to seek independent legal advice, without reference to the Monitoring Officer and/or Head of Legal Services.

There were four further 'improvement recommendations' set out in the report.

The role of the Audit Committee in this matter was to consider the report and make any recommendations and comments to the Committee for its consideration.

In response to the comments made by the External Auditors, the Chief Executive of the Combined Authority, Patricia Greer stated that the Auditors had stated that there was no evidence of any adverse effect on the operations of the Authority and indeed there had been almost £1bn of extra investment that had come into the region making the West of England Combined Authority the most successful Combined Authority in the country on a per capita basis and that the focus was now on delivery. Secondly that the recent staff survey results had shown an incredibly positive culture in the organisation. In respect to the severance pay it was noted that the statutory officers had been conflicted and no mechanism had existed to avoid that situation.

The following points were raised:

- Committee members understood that this was a complex situation and reiterated the importance of co-working and asked that evidence of how this was to be achieved be brought to the next meeting;
- The Committee would be looking for a firm action plan and would be monitoring

the progress made;

- Public perception was important and the holding of private meetings was not seen as accountable. In response the Chief Executive stated that the Metro Mayor's political choice was to hold discussions in public and that politicians would not always agree on issues. The Combined Authority was a separate legal entity to the Unitary Authorities. It was confirmed that officers were accepting the recommendations set out in the Auditor's report but that politicians from different political parties may not always agree;
- The Committee were keen that the recommendations and action plan be implemented as soon as possible so progress could be made before any delays could be caused by local elections in 2023 and 2024;
- The Committee stated that they were looking for a first class piece of work that the Authority and UAs could take joint ownership of as the Authority was competing against other Combined Authorities for available monies. It was acknowledged that the constitution of the Combined Authority needed to be re-drafted as it no longer seemed to reflect the changes that the Combined Authority had gone through since 2016. There was a feeling that the Authority was reactive rather than proactive on issues such as bus services;
- The Chief Executive stated that the next phase for the Combined Authority would be focussed on delivery but there was always a delay between the funding awards and the work starting as appropriate plans were put in place (CRSTS for example). The Interim Monitoring Officer stated that any constitutional changes would require unanimity at the Combined Authority Committee meeting and it would be up to the Mayor and the Leaders to decide on what the role and purpose of the Authority should be. It was possible that the limits and restraints of the constitution may be leading to tensions at times;

The Chair in summing up stated that he did not feel that the responses from the Combined Authority in respect of the Auditor's findings were adequate and he therefore recommended that the Combined Authority Committee adjourned its planned meeting for that afternoon so that those responses could be reconsidered. He also called for an early sight of any action plan and how the Authority was measuring its progress against the action plan. There was no dissent from the Committee for these proposals.

The Auditor's confirmed that any follow up audit would take place in the next financial year.

The Committee also requested that the Auditor's consider audits into the following areas:

- Rail and bus funding;
- CRSTS

The Chief Executive stated that the staff survey results could be brought to a future meeting if the Committee concurred.

Agreed:

(1) That the Audit findings on governance be noted and Grant Thornton be

	<p>thanked for bringing the report to the Committee's attention;</p> <p>(2) That the proposed response by the Authority not be accepted as adequate and that the Audit Committee call upon the Combined Authority Committee to adjourn its proposed meeting in order to reconsider its response in light of the comments made by the Audit Committee;</p> <p>(3) That an action plan be brought to the next meeting of Audit Committee setting out measurable actions and progress made;</p> <p>(4) That the additional suggestions for audit work be noted.</p>
9	<p>The Audit Findings for the West of England Combined Authority</p> <p>The Committee were asked to note a report which provided the West of England Audit Committee with Grant Thornton's Audit Findings for the West of England Combined Authority for year ending 31 March 2022. The Audit Finding's report included the following key information:</p> <ul style="list-style-type: none"> • Financial Statements • Significant Risks • Key Judgements and Estimates • Value for Money Arrangements <p>The Interim Director of Investment and Corporate Services stated that there had been an issued identified relating to a land purchase which had been accounted for in the wrong accounting period and for which an adjustment had been made. The Auditor's were investigating whether this applied to any other transactions.</p> <p>The following issues were identified:</p> <ul style="list-style-type: none"> • Actuaries had been assisting with the work on pensions' liabilities. • Investigative work was undertaken with journal entries to identify bot the poster and the approver, although it was noted that only the appropriate officers could approve such entries – the follow-up work on the auto-reversing was set out in Appendix B; • The Audit work was carried out in accordance with requirements with further investigations if necessary with the VfM and Governance work; <p>The Committee agreed that the Chair should sign off the final accounts on behalf of the Committee.</p> <p>Agreed:</p> <ul style="list-style-type: none"> (1) That the External Auditor's VfM report be noted; (2) That the Chair of the Audit Committee be authorised to sign off the accounts on behalf of the Committee.
10	<p>Internal Audit Update</p> <p>Tariq Rahman and Jeff Wring, Audit West (Internal Audit) submitted a report updating the Committee on the Internal Audit work 2022/23. The report summarised the first six months of audit work and a further report would be brought to the Committee. Work planned for 2023/24 would be reported to a future meeting.</p> <p>Internal Audit had undertaken a review of the risks and controls related to Concessionary Travel and assessed the framework of internal control at level 2. A total of 6 audit recommendations had been detailed in the Action Plan attached at Appendix 1. The management response to these recommendations was attached at Appendix 2. Management confirmed that the focus was on integration and</p>

	<p>improvement issues including agreements with UAs and North Somerset Council. The Government reimbursed the cost of carrying a concessionary fare passenger using a formula. It was noted that there were no plans to alter the 9am start for use of a concessionary travel card.</p> <p>Agreed: That the areas under review be noted and the progress against the Internal Audit plan as of 20 October 2022 be noted.</p>
	<p>Monday, 12 December 2022, 10.30 am, Oak Hall, Bradley Stoke Town Council, The Jubilee Centre, Savages Wood Road, Bradley Stoke, South Gloucestershire, BS32 8HL</p>