

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

Monday, 12 December 2022, 10.30 am - 12.32 pm  
Oak Hall, Bradley Stoke Town Council, The Jubilee Centre, Savages Wood Road, Bradley Stoke, South Gloucestershire, BS32 8HL

**Present:**

Cllr Geoff Gollop, Bristol City Council	Cllr John Ashe, South Gloucestershire Council
Cllr Sarah Classick, Bristol City Council	Cllr John O'Neill, South Gloucestershire Council
Cllr Jonathan Hucker, Bristol City Council	Cllr Matthew Riddle, South Gloucestershire Council
Cllr Brenda Massey, Bristol City Council	Mark Hatcliffe, Independent Member of WECA Audit Committee
Cllr David Wilcox, Bristol City Council	
Cllr Winston Duguid, Bath & North East Somerset Council (as substitute for Cllr Rob Appleyard)	

**Officers In Attendance:**

Selonge Russell, Head of Finance	Richard Ennis, Interim Director of Investment and Corporate Services
Steve Finnegan, Financial Accountant	
Mark Wakefield, Head of Chief Executive's Office	

**Apologies:**

Cllr Hal MacFie, Bath & North East Somerset Council	Cllr Mark Bradshaw, Bristol City Council
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Cllr Rob Appleyard, Bath & North East Somerset Council (Cllr Winston Duguid attended as substitute)

**Minutes**

1	<p><b>Evacuation Procedure</b> The evacuation procedure was set out.</p>
2	<p><b>Apologies for absence</b> Apologies for absence had been received from Cllr Mark Bradshaw (Bristol City Council) and Cllr Rob Appleyard (Bath &amp; North East Somerset Council).</p> <p>Councillor Winston Duguid (Bath &amp; North East Somerset Council) attended as substitute for Cllr Rob Appleyard.</p>
3	<p><b>Declarations of Interest under the Localism Act 2011</b> There were no declarations of interest declared under the Localism Act 2011.</p>
4	<p><b>Minutes</b> The minutes of the meeting held on 17 November 2022 were discussed. The Committee felt that the minutes did not adequately capture the full extent of the discussion that had taken place on the Auditors VfM report on Governance issued by the Combined Authority's External Auditors, Grant Thornton (Item 8). Councillor Riddle felt that the minutes needed further detail as several of the Members raised issues which were not included.</p> <p>Councillor Gollop stated that Cllr Riddle's comments had been echoed by Cllr Savage at the meeting of the West of England Combined Authority Committee on 9 December 2022. Cllr Gollop himself stated that he was unhappy that there was no reference to anyone speaking and the tone of the minutes themselves. He therefore requested that information be added.</p> <p>It was moved by Cllr Riddle and seconded by Cllr Wilcox and unanimously</p> <p>Resolved:</p>

	<p>(1) That the minutes of the previous meeting not be agreed and that the minutes be constructed in line with the discussion that took place at that meeting;</p> <p>(2) That the minutes be brought to the next meeting for approval.</p> <p>There was a further discussion on the Auditors VfM report on Governance issued by the Combined Authority’s External Auditors, Grant Thornton (Item 8). The Chair stated that following the lengthy discussion at the last meeting of the Audit Committee the Combined Authority Committee had been adjourned. An updated Action Plan had been brought forward and had been agreed by the Combined Authority Committee at its reconvened meeting on 9 December 2022. The Chair believed that positive progress had been made on this issue.</p> <p>The Interim Director of Investment and Corporate Services stated that the Action Plan would be kept as a ‘living document’ e.g. constantly updated. Discussions would take place on the plan at both Audit and Scrutiny Committees. The Authority would also be working with the peer review body SOLACE to help move things forward.</p> <p>Jon Roberts, Grant Thornton, External Auditors, stated that he was impressed by the tone of unanimous acceptance of the Action Plan and the progress made to date.</p> <p>The following comments were also raised:</p> <ul style="list-style-type: none"> <li>• The Chair of the Audit Committee was praised for his leadership on this issue;</li> <li>• Combined Authorities were operating in a competitive environment and needed to present a united front to Government in order to secure funding;</li> <li>• The Audit Committee were keen to hold an additional meeting, say in late January or early February 2023 in order to review the Action Plan. They asked that the agreed Action Plan be circulated as soon as possible. It was also requested that updates on the Plan be clearly marked;</li> <li>• In response to a question Jon Roberts confirmed that they had made as many as five statutory recommendations previously to public bodies;</li> <li>• The timetable for the planned Senior Management Restructure was queried with the feeling it should be implemented prior to October 2023;</li> <li>• Work on the Action Plan would be in collaboration with the UAs;</li> <li>• The Committee welcomed the plan to formally record management performance reviews;</li> </ul> <p>The Chair thanked the Committee for their comments.</p>
5	<p><b>Chair’s Announcements</b> There were no Chair’s announcements.</p>
6	<p><b>Items from the Public (Questions, Statement and Petitions)</b> Two statements had been received from Members of the Public. Details had been published on the Authority’s website.</p>
7	<p><b>Updated Audit Findings [External Audit]</b> Jon Roberts and David Bray introduced 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 (updated as at 30 November 2022). The letter of representation was attached at Appendix 2.</p> <p>The changes made to the document had been highlighted in red. A number of issues were brought to the Committee’s attention including REFCUS payments, employee benefits and completeness of expenditure and additional testing. Further information on these issues were set out on Pages 11 and 12 of the Auditor’s report.</p>

The following points were raised in discussion:

- It appeared that there had been no effect on the revenue account but merely had a presentational effect on the balance with no effect on reserves and additional controls had now been brought in;
- The Interim Director of Investment and Corporate Services stated that the 2021 accounts had been underestimated due to an accrual and checks were needed to see whether there had been any others. It highlighted that basic checks had been needed to be carried out more frequently with material adjustments to confirm that they had been done in the right way;

The Committee was asked to delegate the final sign off of the final audited financial statements (including the Annual Governance Statement) to the Chair of the Committee who would also be required to sign the letter of representation.

**Resolved:**

- (1) That Grant Thornton's Audit Findings for the West of England Combined Authority for year ending 31 March 2022 (updated as at 30 November 2022) be noted;
- (2) That the Chair of the West of England Combined Authority Audit Committee be asked to sign off both the final audited financial statements (including the Annual Governance Statement) on behalf of the Committee and the Letter of Representation as attached at Appendix 2.

8

**Treasury Management Strategy 2023/24 including Treasury Management 2022/23 Monitoring Update**

Steve Finnegan, Financial Accountant, presented a report explaining that the Chartered Institute of Public Finance and Accountancy's, (CIPFA), Treasury Management in the Public Services Code of Practice, required the authority to approve a Treasury Management Strategy before the start of each financial year. The 2023/24 Strategy would be submitted to the January 2023 West of England CA Committee for approval alongside the 2023/24 budget papers. The Audit Committee was asked to recommend any amendments prior to it being submitted to the January 2023 West of England Combined Authority Committee for approval and to note the 2022/23 Treasury Management monitoring update as detailed at the end of Appendix 1.

The following comments were made:

- The £40m borrowing mentioned had been purely for cashflow purposes as the CRSTS payment had been delayed. Half the borrowing had been paid back and the other half would be paid back in Quarter 1 2023;
- It was stated that investments were made following two ratings and advice from the Authority's Treasury Management advisors. Often Combined Authorities and Local Authorities would receive funds at roughly the same time meaning it was sometimes difficult to place investments. The Local Authorities were vetted before any loans were made. Investments to the Government could also be made, it was important that safety was the main consideration when investing public money. Security was therefore given a higher priority than yield;
- The Authority was currently earning more through pooled funds. The forecast investment income to 31 March 2023 was £3.2m with an average rate of interest earned of circa 1%;
- It was noted that although the aspiration of investing in with organisations which shared the Authority's objectives could be done in principle it was ultimately for taxpayers to decide. These types of investments would have to be made in

	<p>accordance with existing regulations;</p> <ul style="list-style-type: none"> <li>It was noted that there was no guidance yet on the statutory override of controls and the situation needed resolving before 31 March 2023;</li> </ul> <p><b>Resolved:</b></p> <p>(1) That the Treasury Management Strategy for 2023/24 be noted and the Committee's comments be taken into account by the West of England Combined Authority Committee when submitted for approval in January 2023;</p> <p>(2) That the 2022/23 Treasury Management monitoring update, as detailed at the end of Appendix 1, be noted.</p>
9	<p><b>Risk Management</b></p> <p>Mark Wakefield, Head of the Chief Executive's Office, introduced a report providing an update on the operation of the Combined Authority's Risk Management Framework and presenting the current Corporate Risk Register (CRR).</p> <p>The Corporate Risk Register was last reviewed in September 2022 to update in the context of UK economic and political uncertainty. Mitigations had been kept up to date with a further review in November 2022 (this was attached at Appendix A).</p> <p>The most notable changes are summarised as follows:</p> <ul style="list-style-type: none"> <li>Inflation risk had become more serious. A key additional mitigation had been the development of the inflation report to Committee;</li> <li>Resourcing and scheduling of major programmes was now in the delivery phase (CRSTS and BSIP);</li> <li>Audit VfM Report and the potential impact on government view of the combined authority and future funding;</li> <li>Political decision-making impacting delivery, in the light of May 2023 elections and relationship dynamics noted in the audit report;</li> <li>Unitary Authority budget pressures impacting project delivery;</li> <li>Pandemic specific risk closed.</li> </ul> <p>The following points were raised:</p> <ul style="list-style-type: none"> <li>In respect of RO25 which highlighted £250m of works in 24/25 leading to costs outside the funding envelope, it was asked what the spend would be in 2023/24 as inflation would lead to less value. This would be reviewed to ensure that the risk was appropriately worded;</li> <li>There were risk registers also at Directorate level, service level and project level. The risks at the top level (corporate level) was being presented here. CRSTS had a separate Risk Register. The Committee asked whether they could have sight of this;</li> <li>The Chair indicated that he wished to see who the post holder responsible for each risk was be clearly identified in the register. A summary of the risk register for buses and trains was requested. It was suggested that the Infrastructure Risk Register be brought to the next meeting;</li> <li>The Committee also requested a briefing on the Authority's Governance issues, especially in respect of alternative governance arrangements in the absence of the CEO or Metro Mayor;</li> <li>It was noted that the Overview &amp; Scrutiny Committee may wish to call Doug Claringbold, Managing Director of First Bus, to one of their meetings to ask about the current situation with local bus services;</li> <li>Overview &amp; Scrutiny Committee and Audit Committee wished to see a detailed Risk Register for members' input at future meetings;</li> </ul>

	<p><b>Resolved:</b></p> <p>(1) That the priorities for further developing the risk management framework following its approval in April 2022 be endorsed;</p> <p>(2) That the Corporate Risk Register (CRR) be noted.</p>
10	<p><b>Appointment of External Auditors</b></p> <p>The Interim Director of Infrastructure and Corporate Services introduced a report informing the Committee that Grant Thornton were the appointed External Auditors for the West of England Combined Authority and had been appointed under the Public Sector Audit Appointments, (PSAA) process for the Statements of Accounts period up to, and including, the 2022/23 financial year.</p> <p>The PSAA had invited public sector bodies to ‘opt in’ for a further audit period from 2023/24 to 2027/28. The Combined Authority had taken up this offer, as agreed through a formal decision at the Combined Authority Committee held on the 28 January 2022.</p> <p>The report confirmed the outcome of the PSAA procurement. Grant Thornton had been successful in winning a contract in the procurement, and the PSAA was appointing this firm as the auditor of West of England Combined Authority for five years from 2023/24.</p> <p><b>Resolved:</b> That the appointment of Grant Thornton as the External Auditors for the West of England Combined Authority for five years from 2023/24 be noted.</p>
11	<p><b>Forward Plan of Committee Items</b></p> <p>The Forward Plan of upcoming items for the Audit Committee for the remainder of 2022/23 was circulated. The Committee was keen to provide a mechanism for feeding comments into the West of England Combined Authority Committee for its consideration.</p> <p>Once the Committee dates for 2023/24 had been finalised (taking into account that two of the three Unitary Authorities as well as North Somerset Council were holding elections in May 2023) a twelve month Forward Plan could be scoped and circulated.</p> <p>Members were also minded to attend Cipfa’s training programme which would consist of a half a day training on the role of the Audit Committee, to be held virtually. A diary appointment would be circulated when a convenient date was found. It was also noted that training for Councillors newly appointed to the Committee after May 2023 would need to be arranged.</p> <p>The Committee was also keen to hold an additional meeting prior to the meeting scheduled for early March 2023 to discuss the outcomes of the Action Plan arising from the Auditor’s Value for Money report, preferably in early February 2023.</p>
	<p>Thursday, 2 March 2023, 10.30 am, Bristol City Council Council Chamber, City Hall</p>