

## West of England Combined Authority Audit Committee

Thursday, 2 March 2023, 10:30am  
Bristol City Council Council Chamber, City Hall

### Present:

Cllr Geoff Gollop, Bristol City Council  
Cllr Mark Bradshaw, 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 Hal MacFie, Bath & North East Somerset Council  
Mark Hatcliffe, Independent Member of Audit Committee

### Officers In Attendance:

Richard Ennis, Interim Chief Executive  
Stephen Gerrard, Interim Director of Law & Governance  
Alistair Kirk, Interim Director of Infrastructure  
Mark Wakefield, Head of the Chief Executive's Office

Selonge Russell, Head of Finance  
Jess Lee, Head of Policy and Strategy  
Stephen Fitzgerald, Interim Director of Investment and Corporate Services

### Also Present:

Jeff Wring, Audit West (Internal Audit)  
Tariq Rahman, Audit West (Internal Audit)

David Bray, External Audit (Grant Thornton)

### Apologies:

Cllr Rob Appleyard, Bath & North East Somerset Council  
Cllr John Ashe, South Gloucestershire Council

Cllr John O'Neill, South Gloucestershire Council  
Cllr Matthew Riddle, South Gloucestershire Council

## Minutes

1	<b>Evacuation Procedure</b> The evacuation procedure was set out.
2	<b>Apologies for absence</b> Apologies for absence had been received from Councillor Rob Appleyard, Councillor John Ashe, Councillor John O'Neill and Councillor Matthew Riddle.
3	<b>Declarations of Interest under the Localism Act 2011</b> There were no declarations of interest declared under the Localism Act 2011.
4	<b>Minutes</b> The minutes of the meeting held on 12 December 2022 had been attached for approval. These minutes had recorded that the minutes of the meeting held on 17 November 2022 had not been approved. As no amended version of the minutes from the meeting on 17 November 2022 had been put forward the Chair stated that the minutes from the meetings held on both 12 December 2022 and 17 November 2022 would be deferred pending amended versions circulated by the Chair for approval.
5	<b>Items from the Public (Questions, Statements, Petitions)</b> Two questions had been received from Members of the Public. Responses had been provided by Authority officers and the questions and replies had been circulated and published.  In addition four statements had been submitted. These statements had been circulated and published. The following persons attended the meeting and was invited to speak for up to three minutes on the topic of their statement:

	<ul style="list-style-type: none"> <li>• Dave Redgewell – Transport Issues</li> </ul> <p>The Chair stated that the concerns raised in the questions and statements had been noted.</p>
6	<p><b>Audit Committee - Review of Effectiveness</b></p> <p>Jeff Wring, Internal Audit, introduced a report updating the Audit Committee on best practice requirements to carry out a self-assessment and evaluation of the effectiveness of the Audit Committee. The report stated that, as part of best practice and to support good governance, the Audit Committee should carry out a self-assessment review of its effectiveness on a periodic basis. Ideally this should be annually based on available resources. As a review had not been completed since the first two years of the Authority's operation it was felt appropriate that a review be carried out in 2023 to identify any areas for investment and improvement. It was intended the review should take place between April and May to feed into the Annual Report of the Committee which would be prepared for an Audit Committee meeting in June or July 2023.</p> <p>The following comments were raised:</p> <ul style="list-style-type: none"> <li>• The Chair stated that it was important that the Committee feed its views into an annual report to the Combined Authority's Committee's Annual General Meeting. He was keen that a second independent member be appointed to add expertise;</li> <li>• The Committee questioned whether April was the most convenient time as this would fall within the run up to the local elections in May and membership of the Committee may change substantially. It was noted that the review would be carried out by existing members by end of April to feed into the AGM and hopefully annually thereafter.</li> </ul> <p><b>Resolved:</b></p> <ol style="list-style-type: none"> <li>(1) That the Audit Committee's comments on the options for carrying out a self-assessment review of the Committee's effectiveness be noted.</li> <li>(2) That review sessions with the Chair and Vice-Chair and the whole Committee be organised for late April 2023;</li> </ol>
7	<p><b>Internal Audit Plan - 2023/24</b></p> <p>Jeff Wring and Tariq Rahman, Internal Audit, submitted a report updating the Audit Committee on the methodology used to create the Internal Audit Plan and asked for Member input on activities, areas or themes they would like to be considered within the Internal Audit plan for 2023/24.</p> <p>A draft plan had already been created based on consultation with Senior Management and was attached at Appendix 1.</p> <p>The Audit Committee was asked to note that Internal Audit would continue to plan with flexibility in order to react to changes throughout the year. The plan would therefore be kept under review and adjusted as necessary as the year progressed.</p> <p>Historically, 100 days had been provided for audit work since the Combined Authority was set up in 2017. However, the organisation had grown and undergone significant change since then and therefore, to ensure that risks can be adequately addressed, and that sufficient work be carried out to form an overall assurance opinion, the Interim CEO (previously Interim S73 Officer) had agreed to increase the number of days needed to a minimum of 250.</p>

	<p>The following comments were raised:</p> <ul style="list-style-type: none"> <li>• In respect of possible procurement breaches it was noted that this was part of the counterfraud plan with detailed testing identified;</li> <li>• It was noted that a satisfactory opinion had been received on ledger controls;</li> <li>• Part of the work involved scoping responsibilities and accountabilities around health and safety for projects. This focus would coincide with projects getting off the ground;</li> <li>• Audits would focus on major areas of concern for residents such as transport and buses risk registers. There was also potential impact on carbon neutrality with withdrawal of bus services. As well as some contingency days to focus on topic areas and emerging considerations;</li> </ul> <p>The Interim Chief Executive added he supported the extra days provision for the important audit work and provision had been made in the Authority's budget. He stated that it was probable that during the year a focus may have to change depending on events.</p> <p><b>Resolved:</b></p> <ul style="list-style-type: none"> <li>• The Audit Committee is asked to comment on any areas or themes that they would like to be considered for the Internal Audit Plan 2023/24.</li> <li>• The Audit Committee is asked that, subject to comments above it approves the plan attached at Appendix 1</li> </ul>
8	<p><b>The West of England Combined Authority Audit Progress Report and Sector Update</b></p> <p>Grant Thornton, External Auditors, submitted a report which provided the West of England Combined Authority's Audit Committee with Grant Thornton's progress on delivering its responsibilities as external auditors for year ending 31 March 2022.</p> <p>The Authority's External Auditors had produced an initial Audit Findings Report in late October 2022 and had presented this to the Combined Authority's Audit Committee on 17 November 2022. They had also provided the Audit Committee with a verbal update of their progress at that meeting.</p> <p>Grant Thornton had produced a further Audit Findings Report in late November and presented this to the Audit Committee on 12 December 2022, together with a verbal update.</p> <p>External Audit subsequently issued an unqualified audit opinion on the Combined Authority's financial statements for the year ended 31 March 2022 on 22 December 2022.</p> <p>The Auditors issued a final Audit Findings Report on that date and requested this be circulated to Audit Committee members. At that time the Auditors had been unable to issue its certificate for the year because the following had not been completed:</p> <ul style="list-style-type: none"> <li>• work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued their Auditor's Annual Report; and</li> <li>• the work necessary to issue a Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.</li> </ul> <p>The following comments were raised:</p> <ul style="list-style-type: none"> <li>• It was noted that Grant Thornton had predicted nearly 60 local councils were at risk of</li> </ul>

	<p>running out of money next year. The Interim Chief Executive stated that the Authority was in a different position and should be flexible enough to release staff members if projects did not materialise;</p> <ul style="list-style-type: none"> <li>• Officers were confident that there was a robust governance review cycle that would show up variances early enough to enable any remedial action. The danger of inflation harming spending power on projects was noted;</li> <li>• Members were keen for a mechanism to enable checking through this governance process. It was noted that The combined authority was in the process of establishing a corporate governance board at senior officer level to manage the governance and associated risk issues in the organisation. Members requested that they could feed in comments via that Board;</li> </ul> <p><b>Resolved:</b></p> <p>That the report be noted.</p>
9	<p><b>Risk Management &amp; Infrastructure Risk Register</b></p> <p>The Committee received a report that presented the current Infrastructure Directorate Risk Register and to provide an update on the Combined Authority's Corporate Risk Register. It was noted that the Risk Register presented was the high level risks for the Infrastructure Directorate, there were risk registers for departments and teams as well as projects. A timetable of when individual directorate risk registers would be brought before the Committee had been included.</p> <p>The Chair stated that he had provided a note which he would be circulated to Committee members for their comments. Once approved this note would be submitted as part of the Committee's comments for submission to the West of England Combined Authority Committee at its meeting on 17 March 2023.</p> <p>The following comments were raised:</p> <ul style="list-style-type: none"> <li>• The Chair requested that the information be published in a different way as it was very hard to read the information contained in the risk registers on certain devices. This would be looked into;</li> <li>• It was questioned why there were no HR or climate change implications contained within the report. This had been a reflection of the concept/content on the report rather than a reflection of the risks themselves;</li> <li>• It respect to recruitment, retainment and retention it was asked how long it was expected for new staff to be up to speed. In response it was noted that infrastructure in particular was a large and complex directorate. New staff typically had a 3-6 probationary period and it may take that time to grasp the level of detail. In terms of staff leaving the organisation the main reasons given were career progression elsewhere. Exit interviews were offered to all staff leaving the organisation;</li> <li>• There was concern raised that the problems with the bus network would forced individuals to rely more on their cars which would impact negatively on the zero emissions targets. There was also concern with regards the health and safety obligations of projects being carried out by third party contractors. There was also a risk in not delivering the CRSTS. In response the Interim Director of Infrastructure stated that the Authority was acutely aware of the CRSTS timescales and was looking to tie in designers. The Authority was also committed to increasing bus patronage.</li> <li>• In respect to treasury management every investment was based on safety priority first followed by returns as a lower priority. There were meetings every month to review the</li> </ul>

	<p>treasury management as well as benchmarking exercises;</p> <p><b>Resolved:</b></p> <ol style="list-style-type: none"> <li>(1) That the comments received on the Infrastructure Risk Register and the Corporate Risk Register be noted;</li> <li>(2) That a summary of the Committee's comments be submitted to the meeting of the West of England Combined Authority Committee on 17 March 2023.</li> </ol>
10	<p><b>Response to Audit Findings &amp; Action Plan</b></p> <p>At their meeting on 9 December 2022, the Combined Authority's Committee approved the attached emerging action plan developed in response to the findings of the recent external audit report. The Committee agreed that the action plan should be presented to Audit Committee to consider and review with feedback presented back to the Committee at the meeting on 17 March 2023. The Committee were asked to note that since the December Committee meeting a work programme for the Independent Peer Challenge Review led by the Society of Local Authority Chief Executives (SOLACE) had been agreed. The full Terms of Reference for the Independent Peer Challenge were set out at Annex 2.</p> <p>The Chair stated that he had circulated his views to the Committee. He asked for any further comments so he could articulate the Committee's views on this item to the next West of England Combined Authority Committee. The Chair also confirmed that he had been interviewed by the SOLACE team as part of the Peer Review process and would continue to be involved as the work progressed.</p> <p>Jess Lee, Head of Strategy and Policy and Richard Ennis, Interim Chief Executive stated that the intention was that the Action Plan was a 'living' document e.g. that it would be continually updated. Some items had begun to be implemented where the Authority had immediate powers to do so. Other items may require resolutions by Committee. The Interim Chief Executive also stated that the relevant government minister was aware that the Authority had been fully accepting of the report's findings.</p> <p>In response to a question it was noted that the government had a series of powers including sending in inspectors, implementation of a Best Value Improvement Panel and putting the authority on a watch list. However, SOLACE had been brought in to alleviate the need for direct interaction currently.</p> <p>The Committee did note however that at the last Combined Authority Committee meeting there had been a lengthy adjournment which gave the impression that there were still fundamental disagreements in some policy areas. However, the Committee did welcome the high level meetings and engagements between the Authority and the UAs and the Authority and the Government which provided signs of positive progress.</p> <p><b>Resolved:</b></p> <ol style="list-style-type: none"> <li>1. That having reviewed the emerging action plan, the Committee highlight any feedback, via the Chair, its observations to be presented back to the Combined Authority Committee meeting on 17 March 2023.</li> <li>2. That the terms of reference agreed for the Independent Peer Challenge Review that the Combined Authority Committee had agreed should be taken forward with the support of SOLACE be noted.</li> <li>3. That it be noted that the Chair of Audit Committee had been interviewed by the SOLACE team as part of the Peer Review process and would continue to be involved as the work progresses.</li> </ol>

11	<p><b>Audit Committee Forward Work Plan</b></p> <p>The Audit Committee received a report setting out a proposed forward plan of items for consideration for 2023/24. It was noted that the Committee dates would be agreed in due course. It was planned that the forward plan of items would develop throughout the municipal year. The Forward Plan comprised a schedule of reports to be presented to the Audit Committee at each of its meetings during the year. Various reports had to be presented at specified meetings in order to comply with statutory requirements. An induction programme and training would also be put in place for new members to the Committee and factored into the forward plan accordingly. The Audit Committee Forward Work Plan was appended.</p> <p>It was asked that the self-assessment be added to the future Committee agendas.</p> <p>It was agreed that required consideration by the Audit Committee in the run up to the local elections in early May would be delegated to the Chair.</p> <p>Resolved:</p> <ul style="list-style-type: none"> <li>(1) That the Forward Work Plan and suggested amendments be noted;</li> <li>(2) That any issues requiring the Audit Committee's attention prior to the election be delegated to the Chair.</li> </ul>
	Date Not Specified, Time Not Specified,