

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

Wednesday, 12 October 2022, 10:30am  
Council Chamber - Bristol City Council

**Present:**

Cllr Geoff Gollop, Bristol City Council	Cllr David Wilcox, Bristol City Council
Cllr Sarah Classick, Bristol City Council	Cllr John Ashe, South Gloucestershire Council
Cllr Brenda Massey, Bristol City Council	Cllr Steve Smith, Bristol City Council (as substitute for Cllr Jonathan Hucker)
Cllr Keith Burchell, South Gloucestershire Council (as substitute for Cllr Matthew Riddle)	

**Officers In Attendance:**

Stephen Gerrard, Interim Director of Legal and Democratic Services	Steve Finnegan, Financial Accountant
Richard Ennis, Interim Director of Investment and Corporate Services	Jon Roberts, External Auditor, Grant Thornton
Selonge Russell, Head of Finance and Procurement	

**Apologies:**

Cllr Mark Bradshaw, Bristol City Council	Cllr John O'Neill, South Gloucestershire Council
Cllr Jonathan Hucker, Bristol City Council	Cllr Matthew Riddle, South Gloucestershire Council
Cllr Rob Appleyard, Bath & North East Somerset Council	Mark Hatcliffe, Independent Member of WECA Audit Committee
Cllr Hal MacFie, Bath & North East Somerset Council	

**Minutes**

1	<b>Evacuation Procedure</b> The evacuation procedure was noted.
2	<b>Committee Membership &amp; Apologies for absence</b> The Membership of the West of England Combined Authority Audit Committee for Municipal Year 2022/23 was noted.  Apologies for absence had been received from: Cllr Mark Bradshaw, Cllr John O'Neill. Cllr Hal McFie, Cllr Rob Appleyard, Mark Hatcliffe, Cllr Jonathan Hucker (Cllr Steve Smith attended as substitute) and Cllr Matthew Riddle (Cllr Keith Burchell attended as substitute)  The Monitoring Officer advised that as the Committee was meeting with less than the number of members present to be quorate decisions could be ratified by the Committee and endorsed by the next meeting.
3	<b>Election of Chair for Municipal Year 2022/23</b> The nomination of Cllr Geoff Gollop to be elected as Chair for the West of England Combined Authority Audit Committee for Municipal Year 2022/23 was proposed by Cllr Steve Smith and seconded by Cllr John Ashe. There were no other nominees. The nomination was agreed by the Committee  <b>Resolved:</b>

	That Cllr Geoff Gollop be elected as Chair of the West of England Combined Authority Audit Committee for Municipal Year 2022/23.
4	<b>Election of Vice-Chair for Municipal Year 2022/23</b> As the meeting was inquorate the election of a Vice-Chair for Municipal Year 2022/23 was deferred to a future meeting.
5	<b>Declarations of Interest under the Localism Act 2011</b> There were no declarations of interest declared under the Localism Act 2011.
6	<b>Terms of Reference</b> The Terms of Reference for the Committee were noted.
7	<b>Minutes</b> The minutes of the meeting held on 28 April 2022 were agreed as a correct record and signed by the Chair.
8	<b>Items from the Public</b> Two questions had been received from one individual. The responses to these questions had been circulated prior to the meeting and published on the Authority's website.  Two statements had been received from Members of the Public. These statements had been circulated prior to the meeting and published on the Authority's website. No member of the public was in attendance at the meeting.
9	<b>Petitions</b> No petitions had been received.
10	<b>VALUE FOR MONEY ARRANGEMENTS (2020-21)</b> The Committee received a paper providing an overview of Grant Thornton's findings to date on the financial sustainability objective as prescribed by the National Audit Office (NAO) Code of Audit Practice. The Committee were requested to note the report. Jon Roberts from the Authority's External Auditors Grant Thornton was present to answer questions from Members.  The Chair of the Committee, Councillor Geoff Gollop, reiterated his frustration with the delay in the Committee receiving the report and the fact that the report was still incomplete. He asked that the following statement be included in the minutes of the meeting:  <i>"I wish to draw to the Committees attention my concerns about the VFM report. I should add that I have no concern about the information presented, only about what is missing. I have expressed at our past meetings and briefings my concerns about governance, decision making, frictions within WECA and wider management issues. Most of these concerns are shared by audit committee and have also been raised by the WECA scrutiny committee. I believed that the VFM report was going to address these issues and one specific decision that I was concerned about and have pressed for that report to be made available to audit committee on a number of occasions. However, meetings have been rearranged and/ or cancelled and we are still no further forward. After our April meeting, I was told that the report was expected soon but would have recommendations that should go straight to the WECA Committee. I asked that it should come to audit as a matter of urgency and I asked to be kept informed.</i>  <i>I was surprised to discover from the GT report that officers have had the report for almost 4 months before this meeting ( 20<sup>th</sup> June 2022 per Page 4 of the report page 16 of our pack) , but neither I nor the audit committee have seen the draft as presented then, or copies amended to show officer response. I believe audit committee needs an explanation of why it still has not seen this report and to understand the delay. We should also be able to track changes made to the report.</i>

	<p><i>Of equal concern to me, and I hope to members of the audit committee, is the agenda and agenda planning. Because I was concerned about this issue, I asked for a meeting to discuss the agenda before it was published. This is important in the context of the VFM report. I had believed from our previous discussion that it was coming in full to this meeting, but only knew that it was not after the meeting papers were published.</i></p> <p><i>It should be entirely appropriate for the chair to be included in discussing the potential content of the agenda. I very much believe audit committee should be a working together of members and officers for the good of the organisation.</i></p> <p><i>Returning to the VFM report, I believe this committee needs to know why the report has been delayed and when it will be published. If the report has significant implications, we need to know why it has taken so long and how improvements have been made and lessons learned. If there are no significant findings it is difficult to understand how there can be any justification for the delay”.</i></p> <p>Jon Roberts, Grant Thornton stated in respons that the report had been embargoed until such time that the Auditors had given permission for the report to be released. There had also been a number of sensitive issues that the auditors had been dealing with that had resulted in delays, including a consultation process across the summer period involving senior managers across the Authority who had been given an opportunity to respond. He believed that the final Value for Money report would be ready in time for the Committee’s consideration at its meeting in November 2022.</p> <p>The following comments were raised:</p> <ul style="list-style-type: none"> <li>• Members requested that the report be published in such a way to allow a text search and that a glossary be included. Jon Roberts stated that he would ask that the final report in November 2002 be made more accessible;</li> <li>• Grant Thornton was keen to hear views regarding any specific project management reviews to be undertaken.</li> </ul> <p><b>Resolved:</b></p> <p>That the report be noted.</p>
11	<p><b>EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE</b></p> <p>This Committee received a report on the progress in delivering Grant Thornton’s responsibilities as our external auditors. The report also includes a summary of emerging national and developments. It was noted also that the auditing of accounts process had commenced and that there had been no issues of significance identified so far.</p> <p>It was noted further that due to changes in the Audit market and the increased demands on auditing public bodies there would be a number of changes in the market. Although Grant Thornton was contracted to carry out the Authority’s Auditing for the next two years the contract would be tendered thereafter by the PSAA. There were currently six firms that could be contracted to provide the service in the future although there was likely to be an increase in fees.</p> <p><b>Resolved:</b></p> <p>That the report be noted.</p>
12	<p><b>CIPFA'S UPDATED POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES 2022</b></p>

	<p>The Committee received a report that presented the Chartered Institute of Public Finance &amp; Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022 for comments. The 2022 Position Statement set out the purpose, model, core functions and membership of an audit committee. Key details for each of these areas are summarised below:</p> <ul style="list-style-type: none"> <li>• Purpose – the statement defined the purpose of Audit Committees;</li> <li>• Independent and Effective Model - The audit committee should be established so that it was independent of executive decision making and able to provide objective oversight. CIPFA recommended that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise;</li> <li>• Core Functions - The Position Statement noted that the core functions of an audit committee were to provide oversight of a range of core governance and accountability arrangements;</li> <li>• Membership - The Statement set out guidance regarding the membership of an audit committee;</li> <li>• Engagement and outputs - The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.</li> </ul> <p>The Updated CIPFA Position Statement was attached as Appendix 1. The Committee raised the following points:</p> <ul style="list-style-type: none"> <li>• The Authority was requested that each individual project should be assessed in terms of its carbon output. There was a risk to the prospect of meeting net zero targets unless the monitoring was effective. There was possibly a role for the Overview &amp; Scrutiny Committee in this matter;</li> <li>• The Committee stated that it was important that there was a mix of membership of the Committee in terms of some with financial backgrounds and others with different experiences but with a way of monitoring the Committee’s effectiveness (with guidance from Internal or External Auditors) and possibly reporting its activities to the Combined Authority Committee on a regular basis. A stable membership was also desirable so that members could build up their experience of the technical issues discussed;</li> <li>• It was noted that Grant Thornton were able to offer training sessions to Members when needed;</li> <li>• Members asked that an update on the recruitment process for a second independent member be brought to the next meeting and agreed in principle that a second independent member would be desirable;</li> </ul> <p><b>Resolved:</b></p> <p style="padding-left: 40px;">That the Committee’s views and comments on CIPFA’s new Position Statement be noted and placed on record.</p>
13	<p><b>DRAFT STATUTORY ACCOUNTS 2021/22</b></p> <p>Members of the WECA Audit Committee received a report together with an accompanying presentation, setting out the West of England Combined Authority Annual Draft Statement of Accounts for 2021-22 for their review and approval.</p> <p>The following comments were received:</p> <ul style="list-style-type: none"> <li>• The value of the investments were monitored monthly. Due to a rise in interest rates there were no concerns currently. The External Auditors had asked their technical</li> </ul>

	<p>team to look at the value of the pension fund due to the economic uncertainty as this was an important part of the accounts;</p> <ul style="list-style-type: none"> <li>• Members were keen to find out any feedback from participants in the Future Bright scheme, especially if businesses were to fold in the economic conditions;</li> <li>• In terms of the Transforming Cities fund the position had been stated as at 31 March 2021. Work was ongoing with the Local Authorities to ensure that the all the allocated monies were spent, including meetings that discussed each project and to ensure delivery was met with additional inflationary pressures. A report to the Combined Authority Committee would update the position. The Interim Director of Investment and Corporate Services could provide an update to a future meeting if necessary;</li> <li>• Members were concerned about the risks involved in running bus services especially how those risks were being transferred from the private operators to the Authority. It was asked that the risk register and the work programme of upcoming items be included on the agenda;</li> </ul> <p><b>Resolved:</b></p> <p>That the comments raised on the West of England Combined Authority Annual Draft Statement of Accounts for 2021-22 (as detailed in Appendix 1) be noted.</p>
	<p>Thursday, 17 November 2022, 10.30 am, The Orchard Room at Bailey’s Court Activity Centre, Baileys Court Rd, Bradley Stoke, Bristol BS32 8BH</p>