

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

Wednesday, 16 October 2019, 10am  
The Boardroom, WECA Offices, 3 Rivergate, Temple Quay, Bristol, BS1 6EW

**Present:**

Cllr Geoff Gollop (Chair), Bristol City Council  
Cllr Andy Wait, Bath and North East Somerset Council  
Cllr Tim Kent, Bristol City Council  
Cllr Mark Bradshaw, Bristol City Council  
Cllr Brenda Massey, Bristol City Council

Cllr Donald Alexander, Bristol City Council  
Cllr John Ashe, South Gloucestershire Council  
Cllr John O'Neill, South Gloucestershire Council  
Cllr Brenda Langley, South Gloucestershire Council

**Officers In Attendance:**

Malcolm Coe, Director of Investment and Corporate Services

Selonge Russell, Head of Finance  
Tim Milgate, Democratic Services Officer

**Also in Attendance:**

Jeff Wring, Audit West (Internal Audit)  
Barrie Morris, Grant Thornton (External Audit)  
Michelle Burge, Grant Thornton (External Audit)

**Apologies:**

Cllr Tom Davies, Bath and North East Somerset Council

**Minutes**

1	<b>EVACUATION PROCEDURE</b>  The evacuation procedure was set out.
2	<b>APOLOGIES FOR ABSENCE</b>  An apology for absence was received from Cllr Tom Davies.
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 OF THE LAST MEETING</b>  The minutes of the meeting held on 31 July 2019 were agreed as a correct record and signed by the Chair.
5	<b>ITEMS FROM THE PUBLIC</b>  No items from the public had been received.
6	<b>PETITIONS</b>  No petitions had been received from any member of the committee.

7	<p><b>STATUTORY ACCOUNTS 2018/19</b></p> <p>The Director of Investment and Corporate Services introduced a report which presented the West of England Combined Authority (WECA) Annual Statement of Accounts for 2018-19 for their review and approval.</p> <p>The report stated that the audit of the accounts by the Authority's external auditors, Grant Thornton, had initially been planned for July 2019. However, due to the incompleteness of information within the financial statements, the full audit was delayed until September 2019. The WECA Audit Committee had considered an initial draft of the External Auditor's report on audit findings (ISA 260 report) at its meeting on 31 July 2019. This draft had now been updated and had been appended to the report.</p> <p>WECA would continue to review the lessons learnt from the 2018/19 accounts closedown process and implement various improvements over the coming months. A high-level action plan itemising planned improvements whilst giving consideration to the external auditor findings, was set out in Appendix 4. One of the actions referred to WECA's transition to a new provider for ICT services with an implementation plan, detailing key milestones, set out in Appendix 5.</p> <p>The following were appended:</p> <ul style="list-style-type: none"> <li>• Appendix 1 – Grant Thornton (ISA 260) Audit Findings Report;</li> <li>• Appendix 2 – Statement of Accounts for Year Ended 31 March 2019;</li> <li>• Appendix 3 – Letter of Representation;</li> <li>• Appendix 4 – WECA Statement of Accounts high level improvement plan;</li> <li>• Appendix 5 – WECA ICT implementation plan.</li> </ul> <p>Barrie Morris and Michelle Burge, Grant Thornton (External Auditors) gave a detailed assessment of the Audit Findings. Changes to the report since the last meeting on 31 July 2019 were highlighted in red. The following points were raised:</p> <ul style="list-style-type: none"> <li>• A question was raised regarding the formalisation of SMART objectives. In response it was stated that these would be developed by the end of 2019 and be included in the budget papers for next year;</li> <li>• The Committee requested that work on the Medium Term Financial Plan be progressed and a regular update be brought to the Committee on progress.</li> <li>• The WECA Assurance Framework would be considered at a future Audit Committee meeting;</li> <li>• Members stated that they would like a future briefing session/workshop on the presentation of the statement of accounts as parts of the document were very technical in its language. It was noted that PWC had written the Statement of Accounts this time but from next year WECA would be the author so some parts could be redesigned. Barrie Morris stated that there was currently a government review into the layout of public sector authority accounts and representations had been made about the accounting requirements to CIPFA. The Chair stated that he was happy to make similar representations on behalf of the Audit Committee. He would speak to Malcolm Coe regarding the wording of a letter that would be circulated to Committee members for approval;</li> <li>• Variances in the mayoral budget fund were due to the timings of projects and the financial year they were being reported in the accounts;</li> <li>• A query was raised regarding the transfer of £2.6m into reserves. The specific breakdown is detailed in Note 23, (page 75), of the Accounts;</li> </ul>

	<ul style="list-style-type: none"> <li>• A discussion took place regarding the setting of the Audit Fees as detailed in Appendix D. An additional fee of £17,000 had been included which took into account the extra work caused by the delay with information being provided alongside the low initial audit fees that have been set across all Combined Authorities. Members felt that the fees had been set too low and this was a necessary consequence of the regulators increasing expectations on the auditors. It was asked that regular updates be brought to the Committee on any likely pressures or delays that may affect the Audit Fees going forward.</li> </ul> <p>The Letter of Representation, having been approved, was signed by the Chair and by the Director of Investment and Corporate Services on behalf of the Committee.</p> <p>The WECA Audit Committee also considered the 2018/19 Statement of Accounts – Improvement Plan (October 2019). It was reported that the Combined Authority was moving to a new “Agresso” IT system to reduce over-reliance on manual processes and transactions. The Committee asked that an update be provided on the new system as soon as possible so that any teething problems could be identified early.</p> <p><b>Agreed:</b></p> <ol style="list-style-type: none"> <li>(1) That the content of the External Auditor ISA 260 Audit Findings report be noted;</li> <li>(2) That approval be given to the West of England Combined Authority Annual Statement of Accounts for 2018-19;</li> <li>(3) That further updates be brought to the Committee on the various issues raised as set out above;</li> </ol>
	Monday, 25 November 2019, 10.00 am, TBC