

REPORT TO: AUDIT COMMITTEE

DATE: 27 FEBRUARY 2020

**REPORT TITLE: EXTERNAL AUDIT PLAN FOR YEAR ENDING 31
MARCH 2020**

**DIRECTOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND
CORPORATE SERVICES**

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Purpose of Report

- 1 The External Audit Plan details the key industry and local risks that feed into the planned external audit work that will be undertaken by Grant Thornton for the year ended 31 March 2020.

Recommendation

- To approve the (Grant Thornton) External Audit Plan for year ended 31 March 2020.

Background / Issues for Consideration

- 2 Grant Thornton are the appointed external auditors for the WECA. They carry out their audit work in accordance with the National Audit Office's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014. The auditor's key responsibilities are to:

- give an opinion on the Authority's financial statements and
- assess the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion)

- 2.1 The External Audit Plan is attached as Appendix 1.

Consultation

- 3 The (Grant Thornton) External Audit plan for the year ended 31 March 2019 was presented to, and approved by, the WECA Audit Committee on 21 February 2019.

- 3.1 Findings from the work undertaken by the external auditor are published, alongside the authority's Statement of Accounts, on the WECA website following reports to the audit committee on 31 July 2019 and 16 October 2019.
- 3.2 This report enables the committee to consider, and comment on, the planned external audit work for the current financial year.

Other Options Considered

- 4 Grant Thornton have been appointed as the external auditor for the West of England Combined Authority through an open process governed by Public Sector Audit Appointments (PSAA). Having an independent external audit service is a statutory requirement for the authority.

Risk Management/Assessment

- 5 Internal and external audit set their annual work programmes using a risk-based approach, focusing on areas of materiality and higher risk.
- 5.1 An Annual Governance Statement is published as an integral part of the WECA Statement of Accounts detailing the risk management and assurance framework.
- 5.2 Grant Thornton detail their 'significant audit risks', 'reason for risk identification' and proposed work that they plan to undertake, within the Audit Plan for year ending 31 March 2020.

Public Sector Equality Duties

- 6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.1 The Act explains that having due regard for advancing equality involves:
 - Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

- 6.3 The authority's core financial documents are made available in different formats and / or languages, as required, in order to improve ease of access.

Finance Implications, including economic impact assessment where appropriate:

- 7 The annual (external) audit fee is determined through the Public Sector Audit Appointments framework. Additional costs of £17k were incurred by WECA through the 2018/19 audit process. However, these costs were fully recovered by a corresponding reduction in spend on consultancy support used for the statement of accounts process.
- 7.1 The proposed fee of £30,384 reflects the growing complexity of WECA's financial operations alongside a national upward trend in auditing standards and coverage. This fee represents a significant reduction on the total external audit costs of £37,134 incurred through the 2018/19 audit process.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services

Legal Implications:

- 8 The publication, and audit, of the Authority's Financial Statements is in accordance with the Accounts and Audit Regulations (England) 2015.
- 8.1 External audit work is undertaken in accordance with the National Audit Office's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014.

Advice given by: Shahzia Daya, Director of Legal Services

Climate Change Implications

- 9 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

9.1 There are no direct climate change implications from the proposed external audit work to be undertaken in 2019/20.

Appendices:

Appendix 1: (Grant Thornton) External Audit Plan for the year ending 31 March 2020.

Background papers:

External Audit Plan for year ending 31 March 2019: Report to audit committee on 21 February 2019

Statutory Accounts 2018/19: Report to the audit committee on 16 October 2019

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: democratic.service@westofengland-ca.gov.uk