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Informing the audit risk assessment for West of England Combined Authority 2019/20

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Combined Authority's external auditors and Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK) (ISA(UK)) auditors have specific responsibilities to communicate with Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit Committee's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Going Concern,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from West of England Combined Authority's (WECA's) management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2019/20?	<p>COVID-19 which impacted the economy from mid- March 2020.</p> <p>Continued agency accounting approach for funds held on behalf of parties represented at Joint Committee.</p> <p>Increase in grant funding which increases the responsibilities and capacity of the organisation.</p> <p>Significant increase in staff establishment and payroll and pensions liabilities for the organisation.</p>
2. Have you considered the appropriateness of the accounting policies adopted by WECA? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	<p>We are considering the updated guidance in relation to IFR 16 disclosure requirements in light of the deferral of the adoption of the new standard. The implementation of IFRS 16 has been delayed to 1 April 2021, the 2019-20 financial statements still need to provide adequate disclosures to comply with the requirement of IAS 8 para 31 as a result we intend to update this disclosure to reflect the nature of the changes in accounting policy for leases.</p>
3. Is there any use of financial instruments, including derivatives?	<p>Financial Instruments are held in accordance with the Approved Treasury Management Strategy. The Authority holds no derivatives.</p>
4. Is/Are you aware of any significant transaction outside the normal course of business?	<p>We are not aware of any transactions that have been made outside the normal course of business.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	We are not aware of any changes in circumstances that would lead to impairment of non-assets.
6. Are you aware of any guarantee contracts?	We are not aware of any guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	We are not aware of any.
8. Other than in house solicitors, can you provide details of those solicitors utilised by WECA during the year. Please indicate where they are working on open litigation or contingencies from prior years?	There are no open litigations. WECA only has one in house lawyer so additional capacity is bought in from the constituent authority in house legal teams, other Combined Authority legal teams, legal firms on the Crown Commercial and Wiltshire Legal framework agreements and Counsel as and when required.
9. Have any of WECA's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	We are not aware of any reported items of fraud or non-compliance with laws and regulations or uncorrected misstatements from our service providers that would affect the financial statements.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	CIPFA – Statutory Accounts Jacobs (CH2M) – Transport Advisory PSTax – VAT, SDLT and ET advice Arlingclose – Treasury Management advice Publica Group – Financial System

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As WECA's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from WECA's management.

Fraud risk assessment

Question	Management response
<p>1. Have WECA assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do WECA's risk management processes link to financial reporting?</p>	<p>The work of Audit West provides assurance that material misstatement due to fraud is not occurring.</p> <p>To our knowledge we are not aware of any specific frauds, or areas with a high risk of fraud, where fraud has been detected.</p> <p>In relation to the risk management processes linked to the Financial Reporting - The Authority has an established system of reporting for revenue and capital budgets which takes account of this. Financial risks are outlined within the budget setting report and will continue to be monitored and reported through regular budget monitoring reports. The Authority's wider risk management processes continue to be aligned to our Business Plan.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Procurement - Tendering issues, split contracts (value disaggregated to circumvent thresholds), double-invoicing, price-fixing, bid rigging, cartels. Spanning whole period from agreeing a project to contract monitoring, extensions and re-letting. Inflated claims by consultants (low volume of contracts to date)</p> <p>Payroll - False employees, fraudulent overtime, allowance and expenses claims.</p> <p>Grants - Work not carried out, funds diverted, ineligibility not declared. False application or payment of grants to any person, agency or organisation.</p> <p>Internal fraud - Any employee might perpetrate fraud against his or her employer and delegation of responsibilities to officers brings inherent risks. Diverting monies to a personal account, accepting bribes, working elsewhere while claiming to be off sick, wrongfully claiming benefit while working, failing to declare conflicts of interest or acceptance of gifts and hospitality. Staff pre-employment fraud, where false information given to gain employment. Stealing property and selling it on for personal gain.</p> <p>Mandate fraud - Change to a direct debit or bank transfer mandate by fraudster purporting to be an organisation you make regular payments to, for example, a subscription or membership organisation or business supplier.</p> <p>Manipulation of data fraud - Most commonly, employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation.</p> <p>Concessionary travel scheme - Use of concession by ineligible person, bus operator claims.</p>

Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within WECA as a whole or within specific departments since 1 April 2019?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>We are not aware of any instances of actual or suspected or alleged fraud.</p> <p>We communicate risk issues (including fraud) to those charged with governance in the following way:</p> <ul style="list-style-type: none"> The Risk Management Framework - updates provided to the Audit Committee; Decision making reports to the WECA Committee; S73 Officer Reports as necessary; Internal Audit Reports - regular updates to the Audit Committee; Whistle blowing procedures; Annual Governance Statement & Assurance Framework to Audit Committee; The WECA Business Plan - regular updates to WECA Committee and Scrutiny; Risk management routinely discussed and considered at Directorate Management Team meetings; Revenue Budget setting and Capital Programme reports

Fraud risk assessment

Question	Management response
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within WECA where fraud is more likely to occur?</p>	<p>None have been identified.</p>
<p>5. What processes do WECA have in place to identify and respond to risks of fraud?</p>	<p>The Authority has a Counter-Fraud Strategy which has been approved by the Senior Management Team and communicated to staff. Regular, proactive alerts are provided to all WECA staff when we are notified of any new potential fraud risks through internal audit, financial institutions or other relevant stakeholders</p>
<p>6. How would you assess the overall control environment for WECA, including:</p> <p>the process for reviewing the effectiveness the system of internal control;</p> <p>internal controls, including segregation of duties; exist and work effectively?</p> <p>If not where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>Reasonably strong.</p> <p>The work of Audit West provides assurance along with the Head of Internal Audit Opinion, We have an Assurance Model and Annual Governance Statement also in place.</p> <p>The Financial Reporting process and internal controls and governance processes, including Audit West's Reasonable Assurance model, assessment of specific areas of audit work, segregation of duties and counter fraud policies minimise the potential for misreporting.</p> <p>Whistleblowing policy in place;</p> <p>The audit committee continues to grow in their awareness and effectiveness in terms of constructive challenge of internal controls. An independent, business member of the Audit Committee has recently been appointed which will add to the committee's strength.</p>

Fraud risk assessment

Question	Management response
7. Are there any areas where there is potential for misreporting?	None that we are aware of.
<p>8. How do WECA communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported?</p>	<p>All HR and IT Policies are available to all staff and they have been signposted to these on several occasions.</p> <p>The Whistle blowing policy applies to staff, members, suppliers, contractors, volunteers and anybody acting on behalf of the Authority.</p> <p>The WECA Anti Money Laundering Policy and WECA Counter Fraud Strategy have been communicated and are available to all staff in the Useful Information Section of the website. No significant issues have been reported to date.</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Highest risk posts are those who are able to commit the authority to significant spend, mainly Chief Executive and Directors of Infrastructure, Business and Skills and Corporate Services. Also the Head of Capital Projects Delivery in terms of commissioning major construction contracts;</p> <p>WECA has a clear and tight levels of financial delegation whereby only few officers are able to commit high levels of spend. Segregation of duties is in place and dual authorisation required for higher spend.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	None that we are aware of.

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?</p>	<p>In order to ensure that the Audit Committee have oversight of the management processes in relation to reporting fraud and issues in this area the following are presented to Audit Committee:</p> <ul style="list-style-type: none"> • Monitoring & Evaluation Framework • Risk Management Framework • The Assurance framework • Internal Audit Reports <p>The audit committee have provided positive feedback in terms of progress made in improving the internal controls and governance within WECA</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>There have been no referrals made to date.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>None that we are aware of.</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that WECA's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does WECA have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to WECA's regulatory environment that may have a significant impact on WECA's financial statements?</p>	<p>Decision reports to WECA and Joint Committees require legal and financial implications to be signed off. The work of Statutory Officers and Internal Audit includes a focus on compliance with law and regulation. In addition, it takes assurance through S73 Reports, Internal audit reports, Whistle blowing procedures and the Annual Governance Statement and Assurance Framework.</p> <p>Staff employed in critical posts have the relevant professional qualifications, skills and knowledge.</p> <p>Statutory Officers – Head of Paid Service, Monitoring Officer and Section 73 Officer meet on a regular basis to consider key Financial and legal issues faces by the authority.</p> <p>We are not aware of any changes to WECA's regulatory environment that would have a significant impact on WECA's financial statements (with the exception of pending changes as a result of Covid)</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The following reports are taken to the Audit Committee on a cyclical basis in order to provide assurance:</p> <ul style="list-style-type: none"> • The Monitoring & Evaluation Framework • The Risk Management Framework • Internal Audit Reports • The Assurance Framework • Decision making reports to WECA • S73 Officer Reports as necessary

Impact of laws and regulations

Question	Management response
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2019 with an on-going impact on the 2019/2020 financial statements?	There are no instances of non-compliance or suspected non-compliance with laws and regulation since 1st April 2019 that we are aware of.
4. Is there any actual or potential litigation or claims that would affect the financial statements?	None that we are aware of.

Impact of laws and regulations

Question	Management response
5. What arrangements does WECA have in place to identify, evaluate and account for litigation or claims?	These are set out in the Annual Accounts.
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	There was an HMRC inspection in January 2020 in relation to VAT and Employment Tax. We await the final report however there were no comments regarding non-compliance in the verbal round up meeting. Email feedback regarding the inspection has been positive.

Going Concern

Issue

Matters in relation to going concern

ISA (UK) 570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

Question	Management response
<p>1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for WECA? What was the outcome of that assessment?</p>	<p>As part of the budget process for 2020/21, a Medium-Term Financial Plan was agreed and demonstrates the ability of WECA to continue as a business over this period.</p> <p>The WECA S73 Officer provided a 'going concern' assessment on the 2018/19 accounts which will be reviewed and updated for the 2019/20 accounts.</p>
<p>2. Are the financial assumptions in that report (e.g., financial information provided to Audit Committee and other committees throughout the year?</p>	<p>The MTFP was provided to the Audit Committee and the Overview and Scrutiny Committee. Informal workshops were held with both committees in advance of formal publication and approval from the WECA committee on 31 January 2020</p>

Going concern considerations

Question	Management response
3. Are the implications of statutory or policy changes appropriately reflected in WECA financial forecasts and report on going concern?	Yes, they are appropriately reflected in forecasts and reports on going concern.
4. Have there been any significant issues raised with the Audit Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).	<p>There were complications in terms of the completion of the 2018/19 statutory accounts which were mainly due to a lack of internal capacity, significant increases in authority transactions and inefficiencies within the finance system that was being used.</p> <p>An improvement plan was presented to the audit committee in October 2019 as part of the final accounts sign off. Subsequent to this we have increased internal staff resource, reduced reliance on contractor support, commissioned CIPFA to assist with specific technical support for the 2019/20 Accounts and have developed a new comprehensive Agresso Finance System which be fully implemented at the beginning of the 2020/21 financial year.</p>
5. Does a review of available financial information identify any adverse financial indicators including negative cash flow? If so, what action is being taken to improve financial performance?	The short-term nature of specific WECA revenue funding streams – Mayoral Capacity Fund (£1m) and Business Rates Retention Pilot (£1.2m) is a concern beyond 20/21. We remain focused on identifying viable alternative funding sources. The published MTFP (January 2020) demonstrates that these specific funding sources are partly mitigated through a wider overall budget provision.

Going concern considerations

Question	Management response
<p>6. Does WECA have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of WECA's objectives? If not, what action is being taken to obtain those skills?</p>	<p>The WECA S73 Officer is a qualified CIPFA accountant with more than 36 years experience within Local Government. The WECA finance team has been expanded throughout 2019/20 following the appointment of a new Head of Finance in July 2019. We now have greater internal capacity and have started to reduce the finance support provided through contractors. There remain a few technical gaps in knowledge which we are filling through commissioning specialist, targeted, support from CIPFA and PSTax</p>
<p>7. Does WECA have procedures in place to assess their ability to continue as a going concern?</p>	<p>The Medium-Term Financial Plan which is reviewed annually. Quarterly Committee reports to WECA and Joint Committee. Annual 'going concern' assessment from the WECA S73 Officer</p>
<p>8. Is management aware of the existence of events or conditions that may cast doubt on WECA's ability to continue as a going concern?</p>	<p>We are not aware of the existence of any events or conditions, other than the impacts of COVID-19, (which we consider to be low at this time), that would impact WECA's ability to continue as a going concern.</p>

Going concern considerations

Question	Management response
<p>9. Are arrangements in place to report the going concern assessment to the Audit Committee ?</p> <p>How has the Audit Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p>	<p>The Medium-Term Financial Plan was taken to the Audit Committee , (and Scrutiny), and a detailed presentation was provided. The Audit Committee is satisfied that the Authority is a going concern.</p>

Related Parties

Issue

Matters in relation to Related Parties

WECA are required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by WECA;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over WECA;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of WECA employees, or of any entity that is a related party of WECA.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the WECA perspective but material from a related party viewpoint then WECA must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
1. What controls does WECA have in place to identify, account for and disclose related party transactions and relationships ?	All staff were made aware on the set up of WECA and training takes place on a periodic basis of the Constitution (including Financial Regulations and Standing Orders) and the various sections within it and the need to declare any relationships (financial or non-financial) which staff may have with the contractors employed by the Authority.

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

WECA apply appropriate estimates in the preparation of their financial statements. ISA (UK) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Combined Authority identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Combined Authority is using as part of its accounts preparation; these are detailed in appendix 1 to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates

Question	Management response
1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	The area where estimates represent a significant element of the overall provision within the accounts as follows; <ul style="list-style-type: none"> • Concessionary travel expenditure estimated for Feb and Mar 2020.
2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes, they are as per set out in Appendix A.
3. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	An informal workshop was held with the audit committee following the formal sign off of the 2018/19 accounts in October 2019. For 2019/20 Accounts, similar to the previous financial year, the audit committee will consider the draft accounts through an informal workshop in advance of formal presentation to committee.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Measurement of Financial Instruments	Financial instruments consist of investments (pooled property fund and money market funds) valued at fair value by reference to published unit price and investments valued at amortised cost.	Knowledge of the treasury management advisers – Arlingclose, who manage the portfolio and assess the potential risk in credit losses.	Treasury Management advisers – Arlingclose	The pooled property fund and investments are assessed on an individual borrower for its expected credit losses using: i) Probability of default ii) Loss of given default	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	<p>Provisions are identified through detailed monthly management accounts which flags any potential issues to management.</p> <p>Under the 100% Business Rate Retention Pilot, WECA is liable for its proportionate share of successful appeals against Business Rates charged. A provision has been estimated by officers at each of the Billing Authorities for the amount that businesses have been overcharged up to 31 March. The estimate is made using Valuation Office Agency data and analysis of successful appeals to date.</p>	Reviewed by the financial accountant and a working is put together to support the calculation.	N/A	Each provision is assessed on an individual basis to ensure that it meets the criteria of a provision per IAS 37. The degree of uncertainty is assessed when determining whether a provision is the correct treatment for an item.	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Bad Debt Provision	Debts are reviewed monthly and any debts that are deemed to be irrecoverable would be written off to the Comprehensive Income and Expenditure Statement.	Knowledge by the Accounts Receivables team in likelihood of recoverability and the aging of the debts. Write offs would be reviewed by the Chief Finance Officer	N/A	N/A	No.
Accruals	We use standard accruals accounting –accruals are based on expenses incurred that have not yet been paid.	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year.	N/A.	N/A.	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Non Adjusting events – events after the balance sheet date	Monthly management accounts prepared would flag any adjusting/non-adjusting events.	See left.	N/A.	N/A.	No.
Pension Fund (LGPS) Actuarial gains/losses	The actuarial gains and losses figures are calculated by the actuarial expert Mercer. These figures are based on making % adjustments to the closing values of assets/liabilities.	The Combined Authority responds to queries raised by the administering body, Avon Pension Fund	The Combined Authority are provided with an actuarial report by Avon Pension (LGPS).	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No.



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