

**REPORT TO:     AUDIT COMMITTEE**

**DATE:           17 JULY 2020**

**REPORT TITLE: FEE SCALE FOR THE AUDIT 2020/21 AND UPDATE  
ON 2019/20**

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CORPORATE SERVICES**

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### **Purpose of Report**

- 1     Public Sector Audit Appointments, (PSAA), commissions auditors to provide audits that are compliant with the National Audit Office's Code of Audit Practice ('the Code'). PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) to set the scale fees by the start of the financial year, and they published the 2020/21 scale fees on their website on 31 March 2020. The PSAA letter attached to this report provides key updates and information on audit matters in response to Covid.

### **Recommendation**

*The committee is requested to note the content of the Public Sector Audit Appointments letter*

### **Background / Issues for Consideration**

- 2     Appendix 1 is a letter from the Public Sector Audit Appointment, (PSAA), that notifies us of the 2020/21 audit scale fee for WECA. In previous years our auditor has been required to do this. However, going forward, PSAA have agreed with the audit firms that it is more efficient for them to write out to all bodies directly.
- 2.1   PSAA consulted nationally on the 2020/21 Scale of Fees in early 2020 and they subsequently published the final document on their website. In it they explained that although they have set the scale audit fee at the same level as for 2019/20, they do not expect the final audit fee to remain at that level for most if not all bodies because of a variety of change factors.

- 2.2 The standard scale fee for 2020/21 will remain at £18,634 with any variations to this rate to be negotiated locally between the WECA Section 73 Officer and Grant Thornton, (WECA's appointed external auditor)
- 2.3 The PSAA letter also includes details on:
- How the scale fees are set;
  - Fee variations;
  - Quality of Audit Services;
  - Impact of COVID-19 on current 2019/20 audits and;
  - Local Audit Quality Forum

### **Consultation**

- 3 Public Sector Audit Appointments consulted nationally on the 2020/21 audit scale fees in early 2020 with the subsequent document published on their website.
- 3.1 The Accounts and Audit Regulations (England) 2015 require the Annual Statement of Accounts to be certified by the Chief Financial Officer and made available for public inspection. WECA will issue a full copy of the draft 2019/20 accounts on the authority's website in advance of the statutory deadline of 31 August 2020.

### **Other Options Considered**

- 4 WECA could have waited for the entire accounts to be available for review by the Audit Committee in September 2020, but chose the option of presenting various elements of the process early in order to obtain initial feedback and direction prior to publication of a draft on the authority's website.

### **Risk Management/Assessment**

- 5 The publication of the Authority's Financial Statements forms a core part of WECA's governance and risk management processes. As required by statute, an Annual Governance Statement, (AGS), has been produced, (considered as a separate item on this committee agenda), and is integrated within the core Statement of Accounts document.
- 5.1 The AGS and narrative statement both detail the framework that the authority has developed, and implemented, for governing, managing and reporting risks.
- 5.2 The appointment of an external auditor, to formally provide an opinion on the authority's accounts, is a key component of the risk management framework.

### **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 There are no direct implications arising from this report.

### **Finance Implications, including economic impact assessment where appropriate:**

7 The Statement of Accounts reflect the financial accounting position of the Combined Authority as at 31 March 2020. Management Accounting reports are published throughout the year evidencing progress and spend against the authority's set budget. The management accounting 2019/20 outturn positions for WECA, Mayoral Fund and LEP budgets are detailed within the draft narrative statement which is considered elsewhere on this committee agenda.

7.1 The external audit scale fees for 2020/21 are within the Medium Term Financial forecast and revenue budget that has been approved by the WECA committee.

### **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 PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 to set the (external audit) scale fees by the start of each financial year

### **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 This report has no direct impact on climate change issues. However, WECA considers climate change when determining their priorities and investment decisions.

### **Appendices:**

Appendix 1 – Public Sector Audit Appointments Fee Scale for the Audit 2020/21 and update on 2019/20

### **Background papers:**

WECA Statutory Accounts 2018/19 – approved by 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.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)