

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

Friday, 17 July 2020, 10am

Zoom virtual meeting, broadcast on the WECA YouTube channel

**Present:**

Cllr Geoff Gollop, Bristol City Council (Chair)

Cllr Andy Wait, Bath and North East Somerset Council

Mark Hatcliffe, Independent Member of WECA Audit Committee

Cllr Mark Bradshaw, Bristol City Council

Cllr Cleo Lake, Bristol City Council

Cllr Donald Alexander, Bristol City Council

Cllr Gary Hopkins, Bristol City Council

Cllr John Ashe, South Gloucestershire Council

Cllr John O'Neill, South Gloucestershire Council

Cllr Brenda Langley, South Gloucestershire Council

Cllr Jo Sergeant, Bristol City Council (as substitute for Cllr Brenda Massey)

Cllr Matthew McCabe, Bath & North East Somerset Council (as substitute for Cllr Tom Davies)

**Apologies:**

Cllr Tom Davies (Cllr Matthew McCabe attended as substitute)

Cllr Brenda Massey (Cllr Jo Sergeant attended as substitute)

**Minutes**

1	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>Apologies for absence were received from Cllr Tom Davies and Cllr Brenda Massey. Cllrs Matthew McCabe and Jo Sergeant attended as substitutes.</p> <p>The Chair welcomed new Committee members, Mark Hatcliffe, who had been appointed as the independent member, and Cllr Gary Hopkins who had replaced Cllr Tim Kent as a member of the Committee.</p> <p>The meeting was held virtually via Zoom and broadcast live on the Authority's youtube channel.</p> <p>The Chair requested that in the absence of the elected Vice-Chair (Cllr Tom Davies) the meeting was asked to choose a Vice-Chair for this meeting only.</p> <p><b>Resolved:</b></p> <p>That in the absence of the regular Vice-Chair, Cllr Cleo Lake be elected Vice-Chair for this meeting.</p>
2	<p><b>DECLARATIONS OF INTEREST UNDER THE LOCALISM ACT 2011</b></p> <p>No declarations of interest were declared.</p>
3	<p><b>MINUTES (PAGES 7-12)</b></p> <p>The minutes of the meeting held on 27 February 2020 were agreed as a correct record and signed by the Chair.</p>

4	<p><b>ITEMS FROM THE PUBLIC</b></p> <p>Two questions had been received as follows and the replies had been circulated prior to the meeting and published on the Authority’s website:</p> <ol style="list-style-type: none"> <li>1. Mr Dave Redgewell – Transport Issues</li> <li>2. Mr Dave Redgewell – Transport Issues</li> </ol> <p>A statement had also been received. The person submitting the statement was granted access to the meeting in order to address the Committee for up to three minutes on the topic of their statement.</p> <ol style="list-style-type: none"> <li>1. Mr Dave Redgewell – Transport Issues.</li> </ol> <p>In response to the point made regarding the consultation on (Covid) emergency bus routes, the Director of Investment and Corporate Services would obtain a response from the WECA Director of Infrastructure and report back to members.</p> <p>The Committee also wished to make the Authority’s Scrutiny Committee aware of the issue regarding the transparency of the use of the DfT Emergency Travel fund allocations.</p>
5	<p><b>PETITIONS</b></p> <p>No petitions had been received prior to the meeting.</p>
6	<p><b>INFORMING THE AUDIT RISK ASSESSMENT FOR WECA 2019/20</b></p> <p>The Director of Investment and Corporate Services introduced a report linked to statutory accounts and which contributed towards the effective two-way communication between the Combined Authority’s external auditors and Audit Committee as those charged with governance.</p> <p>The document “Informing the audit risk assessment for West of England Combined Authority 2019/20” had been produced by the Authority’s external auditors Grant Thornton and was appended to the report.</p> <p>The following points were raised:</p> <ul style="list-style-type: none"> <li>• In respect to page 28, question 10, the second question had appeared not to be answered. It needed to be made explicit that it was not applicable. It was confirmed that the Authority had no debts to write off currently;</li> <li>• In terms of performance management, business continuity planning and whistle blowing it was queried how this was being audited. It was confirmed that whistle blowing was handled through the internal audit service and a policy was in place but no cases had been referred. Both performance management and business continuity planning were monitored and agreed by WECA Committee. The Monitoring and Evaluation Framework had been reported to the previous WECA Audit Committee meeting in February 2020. The Committee requested that they continue to receive regular reports on the Whistle Blowing policy.</li> </ul> <p><b>Agreed:</b></p> <p>The Committee confirmed that the WECA management response to the auditor risk assessment was a true reflection of the authority’s management processes.</p>

<p>7</p>	<p><b>(STATEMENT OF ACCOUNTS) DRAFT NARRATIVE REPORT 2019/20</b></p> <p>The Director of Investment and Corporate Services introduced the draft narrative for 2019/20. It was noted that it was the responsibility of the Audit Committee to formally approve the authority’s annual Statement of Accounts. This report contained the draft narrative report, the important opening section of the accounts explaining the activities and performance throughout the 2019/20 financial year. A series of tables set out the financial position of the Authority.</p> <p>The following points were raised:</p> <ul style="list-style-type: none"> <li>• A question was raised regarding the investments into walking and cycling routes as compared to bus and rail travel. In response it was noted that £3m of WECA funding had been allocated to the unitary authorities in June 2020 for Emergency Active Travel and sustainable travel was high on the Authority’s agenda. Another £10m from the investment fund had also been recently approved by WECA committee specifically for permanent walking and cycling schemes. There were other projects which had walking and cycling elements integrated within.;</li> <li>• It was questioned as to whether the ‘well-being’ economy should be integrated into the guiding principles of the Authority’s work;</li> <li>• Public sector equalities duties and whether the report should have something about under privileged people who were falling outside the scope of the equalities act. It was suggested that this could be included in any update on the Authority’s business plan in late January 2021 and this should be raised with the appropriate officer;</li> <li>• The list of activities needed to be updated in light of the post Covid-19 future. It was noted that the Investment Programme was set before the outbreak and the review process was ongoing, with amendments already being made;</li> <li>• In terms of targets it was confirmed that the individual projects had their own targets which are published in the public domain. Each project reported quarterly progress and were regularly reviewed. The performance narrative reflected the £350m investment programme position as at January 2020 and it was difficult to quantify some of the Covid impacts on some of the infrastructure projects in the long term. An additional paragraph stating the current position could be added;</li> <li>• The Committee commended the improvements made to the accessibility of the document compared to the previous year;</li> </ul> <p><b>Agreed:</b> That the draft narrative report be noted and any areas where further refinement might be needed be noted where stated.</p>
<p>8</p>	<p><b>ANNUAL GOVERNANCE STATEMENT 2019/20</b></p> <p>The Director of Investment and Corporate Services introduced a report containing the Annual Governance Statement, an integral section of the accounts detailing the framework, and effectiveness, of the authority’s governance arrangements. Most of the document described the framework as set out in an appendix. The two key governance issues for the Authority were stated as Covid-19 and the robustness of the statement of accounts based on problems encountered in the previous financial year. During 2019/20 several enhancements have been made on the authority’s accounts including increasing internal finance capacity and implementing a new Agresso finance system.</p> <p>Internal Audit independently reviewed and commented on the authority’s governance arrangements.</p>

	<p>The following points were raised:</p> <ul style="list-style-type: none"> <li>• Reassurance on the robustness of the statutory accounts was given by the Director of Investment and Corporate Services. CIPFA were reviewing the document and feedback had so far been positive. The implementation of Agresso would help assist with the delivery of this process in 2020/21;</li> <li>• A full set of accounts would be presented to the Committee in September 2020;</li> <li>• A report on monitoring the Agresso implementation was requested to be brought to the next meeting.</li> </ul> <p><b>Agreed:</b> That the draft Annual Governance Statement be noted.</p>
9	<p><b>INTERNAL AUDIT ANNUAL REPORT 2019/20</b></p> <p>The Committee received the Annual Report of the Internal Audit service which detailed progress against the Plan, a summary of audit performance and key issues, as well as the formal opinion on the internal control framework. Jeff Wring and Mark Wheeler from the Authority's Internal Auditors attended the meeting and introduced the report to the Committee.</p> <p>The following issues were raised:</p> <ul style="list-style-type: none"> <li>• Fraud aspects were at a very low level and pro-active training would be used rather than including fraud within formal e-learning modules. Fraud will be included as part of the corporate induction programme and specific information emailed to all staff when appropriate. A fraud bulletin was also regularly produced by the Internal Audit team. The situation would be constantly reviewed;</li> <li>• In terms of customer feedback, the Internal Audit team were judging how best to receive such feedback. Often senior managers were seeking advice on specific areas. The detail of the comments received was the important thing.</li> </ul> <p><b>Agreed:</b></p> <p>That the opinion on the Internal Control framework and outcome of Internal Audit work undertaken in 2019/20 be noted.</p>
10	<p><b>INTERNAL AUDIT PLAN 2020/21</b></p> <p>The Committee received a report from the Authority's Internal Audit team which presented the Internal Audit Plan for 2020/21 for approval. The Internal Audit Plan had been appended.</p> <p>The following points were agreed:</p> <ul style="list-style-type: none"> <li>• The impacts of Covid were taken into account in every single Audit;</li> <li>• The list of planned Audits for 2020/21 were outlined in the report.</li> </ul> <p><b>Agreed:</b></p> <p>That the report be noted and the Internal Audit Plan attached at Appendix 1 be approved.</p>
11	<p><b>FEE SCALE FOR THE AUDIT 2020/21 AND UPDATE ON 2019/20</b></p> <p>The Public Sector Audit Appointment (PSAA) letter was attached to the report and provided key updates and information on audit matters in response to Covid and the 2020/21 Fee Scales. The fee scales rate would remain the same in 2020/21. However, there would be</p>

	<p>extra external audit work commissioned as set out in the report.</p> <p><b>Agreed:</b></p> <p>The committee noted the content of the Public Sector Audit Appointments letter</p>
12	<p><b>IN-DEPTH INSIGHT INTO THE IMPACT OF COVID-19 ON FINANCIAL REPORTING IN THE LOCAL GOVERNMENT SECTOR (PAGES</b></p> <p>In June 2020 Grant Thornton produced a document which articulated and detailed the actual, and anticipated, impact of Covid-19 on financial reporting in the local government sector which was detailed as Appendix 1 to this report. Although a national view, there were potentially financial reporting and regulatory impacts on the Combined Authority. Although it was not always possible to predict the long term impact of Covid, a number of disclosures were required. Cyber-security issues with home working increases were also highlighted.</p> <p>The following points were raised:</p> <ul style="list-style-type: none"> <li>• The collection fund of business rates would be impacted on future years and WECA has placed some money into a specific reserve;</li> <li>• The treasury management activities had produced returns in recent years but these would reduce with falling interest rates. Some of WECA’s cash balances were being put aside to facilitate a short-term loan scheme for local (West of England), unitary authorities.</li> </ul> <p><b>Agreed:</b></p> <p>The committee noted the content of the (Grant Thornton) ‘in-depth insight into the impact of Covid-19 on financial reporting in the local government sector’ report.</p>
	<p><b>Next meeting</b> - Friday, 18 September 2020, 11.00 am</p>