



**ITEM: 07**

**REPORT TO: AUDIT COMMITTEE**

**DATE: 10 DECEMBER 2020**

**REPORT TITLE: GRANT THORNTON ANNUAL AUDIT LETTER 2019/20**

**DIRECTOR: MALCOLM COE, DIRECTOR OF INVESTMENT &  
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#### **Purpose of Report**

1. The Grant Thornton Annual Audit Letter summarises the key findings arising from the work that they have carried out at the West of England Combined Authority for the year ended 31 March 2020.
2. The Letter provides a commentary on the results of Grant Thornton's work to the Authority and external stakeholders, and to highlight issues that they wish to draw to the attention of the public.
3. Also included is the 2019/20 'Audit Findings Report' highlighting updated information received since the draft report was presented to the audit committee on 16 October 2020.

#### **Impact of Covid-19 pandemic**

4. The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:
  - The deadline for the statutory approval of local authority accounts was amended to 30 November 2020 as a result of the Covid situation;
  - WECA has reviewed its 'going concern' status in relation to Covid. We have assessed that Covid has not had any material impact on the authority's accounts for 2019/20.

## **Recommendations**

**That the committee:**

- (a) note the content of the (Grant Thornton) Annual Audit Letter (as detailed in Appendix 1) and
- (b) note the (Grant Thornton) Audit Findings Report in relation to WECA's 2019-20 Statement of Accounts (as detailed in Appendix 2).

## **Background / Issues for Consideration**

5. The Accounts and Audit Regulations (England) 2015 require the Annual Statement of Accounts to be certified by the Chief Financial Officer no later than 31 May each year. Due to the Covid pandemic, this deadline was extended to 31 August 2020 for the 2019/20 Accounts with the deadline for Audit Committee approval extended to 30 November 2020. The Audit Committee approved WECA's 2019/20 Accounts on 16 October 2020.
6. Grant Thornton, as the appointed external auditors for the authority, reported the detailed findings from their audit work in October 2020. At that time there were a few areas remaining to be finalised. All audit work on the Accounts has now been completed with the updated 'Audit Findings Report' detailed as Appendix 2 to this report (highlighting the information which has been updated). Grant Thornton gave an unqualified opinion on WECA's 2019/20 Accounts on 16 November 2020.
7. Appendix 1 is the Annual Audit Letter from Grant Thornton which summarises the key findings from all of the audit work that they have completed for the year ending March 2020.
8. It is again worth noting the significant progress made by the WECA finance team throughout the 2019/20 financial year, being the first year in which we have led our own accounts production process.

## **Consultation**

9. The draft accounts for 2019-20 were published on the West of England Combined Authority website by the required deadline of 31 August 2020 and made available for public inspection as required under the Accounts and Audit Regulations (England) 2015.
10. WECA's Audited Accounts for 2019/20 are published on the authority's website alongside the Audit Findings Report and Letter of Representation.
11. All draft audit committee findings and reports are presented to, and considered by, WECA's Senior Management Team.

## **Risk Management/Assessment**

12. 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 has been published and is integrated within the core Statement of Accounts document.

13. The External Annual Audit Letter details any concerns and findings to the audit committee being the body responsible for governance. There have been no material concerns identified in terms of the audit work undertaken in 2019/20

### **Public Sector Equality Duties**

14. 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.
15. 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.
16. 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.
17. There are no direct implications arising from this report.

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

18. The Statement of Accounts reflect the financial accounting position of the Combined Authority as at 31 March 2020 (as required by legislation). Management Accounting reports are published throughout the year evidencing progress and spend against the authority's set budget.
19. Following the 2018/19 audit process we were aware that external audit fees would be increasing, (as they are nationally), due to statutory increases in the scope of audit work. As such, WECA have made suitable provision within the revenue budget set for 2020/21.

### **Legal Implications:**

20. The publication and audit of the Authority's Financial Statements is in accordance with the Accounts and Audit Regulations (England) 2015.

**Appendices:**

Appendix 1 – Grant Thornton Annual Audit Letter for the year ending 31 March 2020

Appendix 2 – Grant Thornton (ISA 260) Audit Findings Report

**Background papers:**

WECA Statement of Accounts 2019-20: Audit Committee 16 October 2020

WECA 2019/20 Statement of Accounts Draft Narrative Report: Audit Committee 17 July 2020

WECA Annual Governance Statement 2019/20: Audit Committee 17 July 2020

**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)