

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

Thursday, 10 December 2020, 1:30pm

Meeting held virtually via Zoom and broadcast on the WECA YouTube channel

**Present:**

Cllr Geoff Gollop, Bristol City Council (Chair)  
Cllr Andy Wait, Bath and North East Somerset  
Council  
Cllr Tom Davies, Bath and North East Somerset  
Council  
Cllr Mark Bradshaw, Bristol City Council  
Cllr Cleo Lake, Bristol City Council

Cllr Brenda Massey, Bristol City Council  
Cllr Donald Alexander, Bristol City Council  
Cllr John O'Neill, South Gloucestershire Council  
Cllr Brenda Langlely, South Gloucestershire  
Council  
Cllr Gary Hopkins, Bristol City Council

**Officers In Attendance:**

Malcolm Coe, Director of Investment and  
Corporate Services  
Selonge Russell, Head of Finance  
Steve Finnegan, Financial Accountant  
Tim Milgate, Democratic Services

Jeff Wring, Internal Audit (Audit West)  
Pete Charles, Internal Audit (Audit West)  
Barrie Morris, Grant Thornton (External Audit)  
Sophie Morgan-Bower, Grant Thornton (External  
Audit)

**Apologies:**

Cllr John Ashe, South Gloucestershire Council

**Minutes**

1	<b>WELCOME AND INTRODUCTIONS</b>  The Chair welcomed everybody to the meeting which was being held virtually via zoom and broadcast via the Authority's youtube channel.
2	<b>APOLOGIES FOR ABSENCE</b>  An apology for absence was received from Cllr John Ashe.
3	<b>DECLARATIONS OF INTEREST UNDER THE LOCALISM ACT 2011</b>  No declarations of interest were declared.
4	<b>MINUTES OF THE MEETING HELD 16 OCTOBER 2020</b>  The minutes of the meeting held on 16 October 2020 were agreed as a correct record.
5	<b>ITEMS FROM THE PUBLIC (QUESTIONS; PETITIONS; STATEMENTS)</b>  One statement and two questions had been received from members of the public. The responses to the questions had been circulated prior to the meeting.  Mr Dave Redgewell attended the meeting and addressed the Committee on the topic of his statement in accordance with the Authority's procedural rules and Malcolm Coe, Director of Investment and Corporate Services clarified a couple of the points in reply.
6	<b>CHAIR'S BUSINESS / ANNOUNCEMENTS</b>

	<p>The Chair stated that this was the last meeting of the WECA Audit Committee prior to Christmas and wished everybody a safe festive period.</p>
<p>7</p>	<p><b>GRANT THORNTON ANNUAL AUDIT LETTER 2019/20</b></p> <p>Malcolm Coe, Director of Investment and Corporate Services introduced a report setting out the Grant Thornton Annual Audit Letter summaries of the key findings arising from the work that they had carried out at the West of England Combined Authority for the year ending 31 March 2020. The Letter provided a commentary on the results of Grant Thornton’s work to the Authority and external stakeholders, and highlighted issues that they wished to draw to the attention of the public. The report also covered the 2019/20 ‘Audit Findings Report’ which highlighted updated information received since the draft report was presented to the Audit Committee on 16 October 2020.</p> <p>Barrie Morris and Sophie Morgan-Bower, Grant Thornton, External Audit took the Committee through the main points. Changes within the previous Audit Findings report since the previous WECA Audit Committee meeting had been highlighted and brought to the Committee’s attention.</p> <p>The following points were raised:</p> <ul style="list-style-type: none"> <li>• The assessment of the fees had been concluded and a small additional fee had been charged due to extra work caused by the Covid outbreak, as set out on page 57;</li> <li>• The finance team were thanked for their assistance in concluding the Audit;</li> <li>• Barrie Morris informed the Committee that both himself and Sophie would not be involved in the Authority’s Audit for the next financial year.</li> </ul> <p><b>Resolved:</b></p> <p>(a) that the content of the (Grant Thornton) Annual Audit Letter (as detailed in Appendix 1) be noted;</p> <p>(b) that the (Grant Thornton) Audit Findings Report in relation to WECA’s 2019-20 Statement of Accounts (as detailed in Appendix 2) be noted.</p>
<p>8</p>	<p><b>TREASURY MANAGEMENT STRATEGY 2021/22 AND TREASURY MANAGEMENT 2020/21 MONITORING UPDATE</b></p> <p>Steve Finnegan, Financial Accountant, introduced a report informing the Committee that the Chartered Institute of Public Finance and Accountancy’s, (CIPFA), Treasury Management in the Public Services Code of Practice, requires the authority to approve a Treasury Management Strategy before the start of each financial year. The 2021/22 Strategy would be submitted to the January 2021 WECA Committee for approval alongside the 2021/22 budget papers.</p> <p>The Committee were also requested to note and comment on the 2020/21 Treasury Management monitoring update as detailed in Appendix 1.</p> <p>The following points were raised:</p> <ul style="list-style-type: none"> <li>• With interest rates low the Authority might investigate better returns in the next financial year in consultation with their treasury management advisors;</li> <li>• Income from investments was projected to return around £700k above budget in 2019/20. Most of the authority’s cashflow was invested with public bodies;</li> </ul>

- A question was raised on how investments in local authorities were chosen as no authorities local to WECA were on the investment list. It was noted that the local authorities in question had been identified with short term loans through brokers/Treasury Management advisors helping with the deals, with Authorities needing to borrow differing amounts depending on their situations. WECA had instigated a loan scheme for the West of England Authorities although there had been no take up currently;
- Should the Authority be looking for a more substantive return due to its cash richness? In response it was noted that due to the need to spend funds by a certain date it was not always possible to invest in long term schemes although some investments were in property and multi asset funds. This was always under review in consultation with the Authority's Treasury management advisors;
- In terms of the yields table – it was asked whether one lump sum should be invested or whether a number of smaller investments should be made. In response it was noted that a spread of investments was the case and other longer term investments were being planned. However this needed to be balanced against the risk of borrowing if cash was not available which would be at a higher rate. It was confirmed that the Authority could borrow if necessary but this had not been needed to date;
- What was the likely investment? This was based on cashflow forecasting and whether further investments may be coming into the area.

**Resolved:**

- (a) that the Treasury Management Strategy for 2021/22 be noted and any amendments recommended by the Committee be taken into account prior to it being submitted to the January 2021 WECA Committee for approval;
- (b) That the 2020/21 Treasury Management monitoring update as detailed at the end of Appendix 1 be noted;

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**INTERNAL AUDIT UPDATE**

Jeff Wring introduced Pete Charles as the new Audit Manager for WECA and he updated the Committee on the Internal Audit work in 2020/21 including the Audit plans for the rest of the financial year.

No specific work on the impact of Covid had been undertaken but the impact on specific pieces of work had been looked at. The impact on auditing work was noted as reviews and investigations were being undertaken remotely.

A number of audits were being planned for quarters 3 and 4 and these were on track. The next formal update of the plan was due in April 2021.

The following points were raised:

- A question was raised whether Internal Audit were reviewing the functions where the risks had increased as a result of working at home for long periods. In response it was noted that this was now being considered in relation to individual reviews already in the plan but no new reviews were being recommended and the views of the Committee were sought for consideration by the S151 Officer and Internal Audit;
- It was asked whether an increase in home working had led to a greater risk of cyber crime. It was stated that professional bodies were providing regular advice and alerts on these types of frauds and internal audit were mindful of providing advice to WECA on any potential weaknesses. A briefing on this topic was recommended for a future informal session of the Committee.

	<b>Resolved:</b> That the report be noted.
	The next meeting was planned for Thursday, 25 February 2021, 10.00 am, Zoom virtual meeting, to be broadcast on the WECA YouTube channel

The meeting commenced at 1:30pm and closed at 2:23pm.