

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

Wednesday, 22 September 2021, 10:30am  
Brunswick Room, Guildhall, Bath

**Present:**

Cllr Rob Appleyard, Bath & North East Somerset Council	Cllr Tim Kent, Bristol City Council
Cllr Mark Bradshaw, Bristol City Council	Cllr Brenda Langley, South Gloucestershire Council
Cllr Geoff Gollop, Bristol City Council	Cllr Heather Mack, Bristol City Council
Cllr Alex Hartley, Bristol City Council	Cllr Brenda Massey, Bristol City Council
	Cllr Winston Duguid, Bath & North East Somerset Council (as substitute for Cllr Hal McFie)

**Officers In Attendance:**

Selonge Russell, Head of Finance and Procurement	Tim Milgate, Democratic Services Officer
Steve Finnegan, Financial Accountant	Pete Charles, Internal Audit
	David Bray, External Audit

**Apologies:**

Cllr John Ashe, South Gloucestershire Council	Cllr Hal MacFie, Bath and North East Somerset Council
Mark Hatcliffe, Independent Member of WECA Audit Committee	Cllr John O'Neill, South Gloucestershire Council

**Minutes**

The meeting was opened by the Democratic Services Officer who presided over the first three items.

1	<b>EVACUATION PROCEDURE</b>  The evacuation procedure for the venue was noted.
2	<b>COMMITTEE MEMBERSHIP &amp; APOLOGIES FOR ABSENCE</b>  The membership of the WECA Audit Committee for municipal year 2021/22 was noted.  Apologies for absence had been received from Cllr John Ashe, Cllr John O'Neill, Mark Hatcliffe and Cllr Hal McFie (Cllr Winston Duguid attended as substitute).
3	<b>ELECTION OF CHAIR FOR MUNICIPAL YEAR 2021/22</b>  It was proposed by Cllr Appleyard and seconded by Cllr Langley and unanimously:  <b>Agreed:</b>  That Cllr Geoff Gollop be elected Chair of WECA Audit Committee for municipal year 2021/22.
4	<b>ELECTION OF VICE-CHAIR FOR MUNICIPAL YEAR 2021/22</b>  Having indicated prior to the meeting that he would be willing to stand as Vice-Chair, it was proposed by Cllr Langley and seconded by Cllr Gollop and:  <b>Agreed:</b> That Cllr Hal McFie be elected as Vice-Chair of WECA Audit Committee for municipal year 2021/22.

5	<p><b>DECLARATIONS OF INTEREST UNDER THE LOCALISM ACT 2011</b></p> <p>There were no declarations of interest declared.</p>
6	<p><b>TERMS OF REFERENCE</b></p> <p>The Terms of Reference of the Committee were noted.</p> <p>At this point of the meeting the Chair raised the following urgent business:</p> <p>“I need to raise a matter that has been brought to my attention.</p> <p>Members may or may not be aware that David Carter, Head of infrastructure, left WECA at short notice on Friday.</p> <p>I have had a number of off the record conversations regarding this but feel that are a number of issues that need clarification. In particular I am concerned that appropriate Governance processes have not been followed and checks and balances have been applied.</p> <p>I would look to members to agree to 2 specific requests, both as a matter of urgency</p> <p>Firstly that we ask our internal and external auditors to review the processes that lead to this situation and whether WECA has dealt with this in accord with its own rules and in line with best practice.</p> <p>Secondly, I would ask Internal Audit in parallel to look at whether our rules and processes for the departure of senior officers and their permanent or interim replacement or reallocation of work, are fit for purpose and include the appropriate levels of accountability and transparency.</p> <p>I ask that Internal and External Auditors to split this work as appropriate and to define their work when the extent of the issue became apparent to them.</p> <p>I would ask that an update be provided to the Chair of Audit Committee and Chair of Scrutiny Committee within a month and reports are copied to the Chair and Vice Chair of Audit as soon as they are available and we can determine if any immediate action is needed and how they should be made available to committee”.</p> <p>The above statement was unanimously endorsed by the Committee.</p>
7	<p><b>MINUTES OF THE MEETING OF WECA AUDIT COMMITTEE HELD ON 25 FEBRUARY 2021</b></p> <p>The minutes of the meeting held on 25 February 2021 were agreed as a correct record.</p>
8	<p><b>ITEMS FROM THE PUBLIC</b></p> <p>There were two questions received from a member of the public and the responses to these questions were provided to the questioner following the meeting.</p> <p>In addition one statement had been received the text of which had been circulated to the Committee prior to the meeting and published on the Authority’s website.</p>
9	<p><b>PETITIONS</b></p> <p>No petitions were received.</p>
10	<p><b>EXTERNAL AUDIT PLAN FOR YEAR ENDING 31 MARCH 2021</b></p>

	<p>The Audit Committee received a report, referred from the previously cancelled meeting in July 2021, detailing the key industry and local risks that fed into the planned external audit work that would be undertaken by Grant Thornton for the year ended 31 March 2021. David Bray (External Auditors, Grant Thornton) attended the meeting. The West of England Combined Authority Audit Plan was attached at Appendix 1. Grant Thornton detailed their 'significant audit risks', 'reason for risk identification' and proposed work that they planned to undertake, within the Audit Plan for year ending 31 March 2021.</p> <p><b>Agreed:</b></p> <p>That the (Grant Thornton) External Audit Plan for year ended 31 March 2021 be approved.</p>
11	<p><b>INFORMING THE AUDIT RISK ASSESSMENT FOR WECA 2020/21</b></p> <p>The Committee considered a report the purpose of which was 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 covered some important areas of the auditor risk assessment where Grant Thornton, WECA's appointed auditors, were required to make inquiries of the Audit Committee under auditing standards.</p> <p>To help inform the external audit opinion of the accounts, the Authority's auditor, Grant Thornton, undertook an initial risk assessment, to obtain an understanding of management processes and the Audit Committee's oversight of a number of areas including accounting estimates. It was asked whether the accuracy of these estimates could be reported in future years.</p> <p>Grant Thornton stated that the auditing processes took longer remotely but no concerns had been raised.</p> <p>Agreed: That the WECA Audit Committee confirms that the WECA management response to the auditor risk assessment was a true reflection of the authority's management processes.</p>
12	<p><b>STATUTORY ACCOUNTS 2020/21</b></p> <p>A report was presented to Members of the WECA Audit Committee setting out the West of England Combined Authority Annual Statement of Accounts for 2020-21 for their review and approval including the following appendices:</p> <p>Appendix 1 – Grant Thornton (ISA 260) Audit Findings Report;  Appendix 2 – WECA Statement of Accounts for 2020/21;  Appendix 3 – Letter of Representation;  Appendix 4 – VfM Extension letter;</p> <p>The deadline for the statutory approval of local authority accounts had been amended to 30 September 2021 as a result of the Covid situation. The Statutory Statement of Accounts had been produced in accordance with the CIPFA Code of Practice on Local Authority Accounting based on International Financial Reporting Standards.</p> <p>Grant Thornton had substantially completed their external audit of the WECA Accounts with their (ISA 260) audit Findings report detailed in Appendix 1. The full set of WECA Accounts were attached at Appendix 2.</p> <p>The following points were raised:</p>

- A letter from the Auditor of the Avon Pension Fund was awaited. There were standardised rules across local authorities on pension funds with issues common to all the Authorities. The Committee requested that it be investigated whether WECA was represented on the Avon Pension Fund Committee due to the potential growing liability in this area and the rapid growth of staff within the organisation;

NB: Subsequent to the meeting the following response was received following an enquiry. The Chair requested that the Audit Committee discuss the issue at their next meeting:

*“This is purely a Council decision as the administration authority and would be based on a recommendation of the Pensions Committee . The Committee reviews representation across sectors from time to time and local government is well represented. Certainly the four Constituent authorities which make up and Fund WECA are already represented so not clear what rationale would be to increase Committee membership further.”*

*Therefore if WECA are still keen following the above advice, they could submit a more formal request to the Pensions Committee for them to consider”*

- In respect to the Reserves it was noted that it was still early days in the life of WECA and as such reserves had not yet been built to a greater level. It was asked whether these were at a “satisfactory” level and whether due to the climate emergency any reserves should exist at all. The Committee therefore requested that a “Reserves Policy” be brought back to the next meeting;
- It was stated that much of WECA’s income was reliant on short term grant funding and although the five-year gateway review had been successful, the work to try to secure more permanent funding was ongoing. This was a common problem amongst Combined Authorities;
- It was asked whether WECA was in a position to invest in the Government’s National Savings Green Bonds scheme. It was also requested that Scrutiny Committee be kept informed on any work carried out by the Audit Committee on climate change (from a governance and management of risk perspective);
- Internal Audit stated that they had tried to embed the climate emergency within their work and there was potentially a reputational risk to the Authority (if it could not meet its targets) as well as a potential risk to delivery. The Audit Committee stated that it would like to monitor work in this area, maybe through the risk register, with a joint meeting of WECA Audit Committee and WECA overview & Scrutiny meeting being arranged to discuss how this area of work could best be monitored;

**Agreed:**

That the committee:

(a) note the content of the External Auditor ISA 260 Audit Findings report (as detailed in Appendix 1) and

(b) approve the West of England Combined Authority Annual Statement of Accounts for 2020-21 (as detailed in Appendix 2) subject to the agreement of any outstanding items with final amendments being agreed by the Director of Investment and Corporate Services in consultation with the Chair of the WECA Audit Committee and that the final accounts be published when the work of the External Auditors had been concluded;

(c) approve the Letter of Representation as detailed at Appendix 3;

(d) note the VfM extension letter in Appendix 4;

13	<p><b>INTERNAL AUDIT ANNUAL REPORT 2020/21</b></p> <p>Pete Charles, Internal Audit, presented the Annual Report of the Internal Audit service detailing progress against the Plan, a summary of audit performance and key issues, as well as the formal opinion on the internal control framework. The report was original submitted to the cancelled meeting in July 2021.</p> <p>Appendix 1 recorded the status of each audit review within the 2020/21 Audit Plan at the end of the year. It was Internal Audit's opinion that at the current time the WECA's internal control framework and systems to manage risk were reasonable.</p> <p><b>Agreed:</b> That the Audit Report 2020/21 and formal opinion on the internal control framework be noted.</p>
14	<p><b>INTERNAL AUDIT PLAN 2021/22</b></p> <p>Pete Charles presented the Internal Audit Plan for 2021/22 for the Committee's approval. The Plan had been subject to consultation with the Director of Investment and Corporate Services (S73 Officer) and WECA's Senior Management. The Committee would receive an update on the work undertaken later in the year.</p> <p>In response to a query it was noted that the Internal Audit team had 5-6 staff that could be called upon to carry out work at the Authority and they also undertook work for other Local Authorities in parallel. They followed the procedures set out in the Internal Audit Charter to prevent any conflict of interest.</p> <p>In relation to the point raised in the public questions, Internal Audit would speak to senior managers regarding any auditing of bus services.</p> <p>Agreed: That the report be noted and that the Internal Audit Plan attached at Appendix 1 be approved.</p>
15	<p><b>DATES OF COMMITTEE</b></p> <p>The dates of the WECA Audit Committee meetings in 2021/22 were noted.</p> <p>Thursday, 9 December 2021, 10.30 am</p>