

**REPORT TO: WECA AUDIT COMMITTEE**

**DATE: 28 APRIL 2022**

**REPORT TITLE: INFORMING THE AUDIT RISK ASSESSMENT FOR WECA 2021/22**

**DIRECTOR: RICHARD ENNIS, INTERIM DIRECTOR OF INVESTMENT AND CORPORATE SERVICES**

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### **Purpose of Report**

- 1 The purpose of this report is 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 covers some important areas of the auditor risk assessment where Grant Thornton, WECA's appointed auditors, are required to make inquiries of the Audit Committee under auditing standards.

### **Recommendation**

The committee is requested to confirm that the West of England Combined Authority management response to the auditor risk assessment is a true reflection of the authority's management processes.

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

- 2 The West of England Combined Authority, like all other public sector bodies, has to produce statutory accounts on an annual basis. These accounts have to be formally approved by those charged with governance, being the audit committee.
  - 2.1 To help inform the external audit opinion of the accounts, our auditor, Grant Thornton, undertake an initial risk assessment, to obtain an understanding of management processes and the Audit Committee's oversight of the following areas:
    - General Enquiries of Management
    - Fraud,
    - Laws and Regulations,
    - Going Concern,
    - Related Parties, and
    - Accounting Estimates.

- 2.2 This report includes a series of questions on each of these areas and the response that Grant Thornton has received from the West of England Combined Authority's management as detailed in Appendix 1. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.
- 2.3 The full set of Statutory accounts will be presented to the audit committee in November 2022 for approval following the external audit review which is programmed for middle of August through to the end of September 2022.

### **Consultation**

- 3 Consultation has taken place on this particular element of the accounts between Grant Thornton and various financial management staff within WECA. The report, as presented to this committee, is another important element of the consultation process.
- 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 2021/22 accounts on the authority's website in line with the extended statutory deadline of 1 August 2022.

### **Other Options Considered**

- 4 The West of England Authority intend to present various elements of the process early to the Audit Committee (Narrative Report and Annual Governance Statement) 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), will be produced, 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 This report reflects our external auditor's initial risk assessment in order to obtain an understanding of management processes.

### **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 Management Accounting reports are published throughout the year evidencing progress and spend against the authority's set budget.

*Advice given by: Richard Ennis, Interim Director of Investment and Corporate Services*

**Legal Implications:**

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

*Advice given by: Stephen Gerrard, Interim Director of Legal Services*

**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 The statement of accounts has no direct impact on climate change issues. However, WECA considers climate change when determining their priorities and investment decisions.

**Appendices:**

Appendix 1 – Grant Thornton: Informing the audit risk assessment for West of England Combined Authority 2021/22

**Background papers:**

WECA Statutory Accounts 2020/21

**West of England Combined Authority Contact:**

Any person seeking background information relating to this item should contact Democratic Services email: [democratic.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)