

West of England Combined Authority Audit Committee

Thursday, 17 November 2022, 10:30am

The Orchard Room at Bailey's Court Activity Centre, Baileys Court Rd, Bradley Stoke, Bristol BS32 8BH

Present:

Cllr Geoff Gollop, Bristol City Council
Cllr Sarah Classick, Bristol City Council
Cllr Jonathan Hucker, Bristol City Council
Cllr Brenda Massey, Bristol City Council
Cllr Trevor Jones, South Gloucestershire Council (as substitute for Cllr Matthew Riddle)
Cllr Winston Duguid, Bath & North East Somerset Council (as substitute for Cllr Hal McFie)

Cllr David Wilcox, Bristol City Council
Cllr John Ashe, South Gloucestershire Council
Cllr John O'Neill, South Gloucestershire Council
Mark Hatcliffe, Independent Member of Audit Committee

Officers In Attendance:

Patricia Greer, Chief Executive
Stephen Gerrard, Interim Director of Legal and Democratic Services
Richard Ennis, Interim Director of Investment and Corporate Services

Selonge Russell, Head of Finance and Procurement
Steve Finnegan, Financial Accountant
Peter Mann, Head of Strategic Transport Integration

Also Present:

Jon Roberts, Tom Foster and Barrie Morris (Grant Thornton, External Audit)

Tariq Rahman and Jeff Wring (Audit West, Internal Audit)

Apologies:

Cllr Hal MacFie, Bath & North East Somerset Council
Cllr Mark Bradshaw, Bristol City Council

Cllr Matthew Riddle, South Gloucestershire Council
Cllr Rob Appleyard, Bath & North East Somerset Council

Minutes

1	Evacuation Procedure The evacuation procedure was noted.
2	Apologies for absence Apologies for absence had been received from Cllr Mark Bradshaw, Cllr Matthew Riddle, Cllr Rob Appleyard and Cllr Hal McFie. Cllr Trevor Jones attended as substitute on behalf of Cllr Matthew Riddle. Cllr Winston Duguid attended as substitute on behalf of Cllr Hal McFie.
3	Declarations of Interest under the Localism Act 2011 There were no declarations of interest declared under the Localism Act 2011.

4	<p>Election of Vice-Chair for Municipal Year 2022/23</p> <p>The Committee were requested to elect a Vice-Chair for Municipal Year 2022/23.</p> <p>Councillor David Wilcox indicated that he was willing to put his name forward for this position. This nomination was proposed by Councillor Geoff Gollop and seconded by Councillor Sarah Classick. There were no other candidates. On a show of hands, it was unanimously:</p> <p>Agreed: That Councillor David Wilcox be elected as Vice-Chair of the West of England Combined Authority for Municipal Year 2022/23.</p>
5	<p>Chair's Announcements</p> <p>There were no Chair's announcements.</p>
6	<p>Minutes</p> <p>The minutes of the inquorate meeting held on 12 October 2022 were agreed and endorsed subject to the following additions:</p> <ul style="list-style-type: none"> · In respect of Item 10 the Committee requested that CRSTS be added to the list of items for a possible 'deep dive' study by Auditors. · The Committee also requested that the risk register relating to buses and the forward plan of future items be brought to the next meeting.
7	<p>Items from the Public (Questions, Statements and Petitions)</p> <p>Five statements had been received from Members of the Public in advance of the meeting. These statements had been published and circulated.</p> <p>One member of the public attended the meeting and addressed the Committee for up to three minutes on the topic of his statement as follows:</p> <ul style="list-style-type: none"> · Joe Aldous, local bus services. <p>The Chair of the Committee stated that he, in consultation with the Chair of the Authority's Overview & Scrutiny Committee, would ensure that the situation with local bus services be looked into as a matter of urgency with the Committees using their powers to influence decision-making where possible whilst noting the possible significant reputational risk the situation posed for the Authority. The statements received would be referred to the Metro Mayor for his attention as the local decision-maker.</p>
8	<p>Consideration of the recommendations of the Authority's External Auditors</p> <p>The Chair introduced this item stating that the report was being considered by the Combined Authority Committee on the rise of this meeting. The Chair informed the Committee that Grant Thornton had been reappointed as the Authority's Auditors for the period after March 2023. The Chair of the Committee had circulated the following written statement to the members of the Committee in advance of the meeting:</p>

*"There are so many potential issues raised, that I thought it might be worth outlining the areas that I feel we need to focus on.
Just to be clear, I am not trying to stop members raising other issues, but I do feel we need to focus if we are to be effective.
As a committee our initial concerns were around the severance matter and these were raised in September 2021, the wider governance issues arose later in the autumn and were discussed at both scrutiny and audit committee.
The severance matter remains a concern as the role of Monitoring and 151 officer should have been a critical check and balance in the decision-making process. I believe we are all agreed on that and see the intended publication of the protocol as recognition of that.
Whilst it is important those lessons are learnt and such a situation is never allowed to happen again, further detailed discussion is unlikely to produce any better outcome. I suggest we note the seriousness of the failure to use statutory officers and urge the immediate adoption and publication of the new protocol.
I suggest we then move on to the wider governance issues for the bulk of our discussion. I know all members will have views on those issues, but I suggest we don't try to redo the excellent work that the auditors have done!
I give a few comments below which indicate my own views
I suggest we focus on the Auditors recommendations and the officers' responses to those recommendations. Are the responses specific enough to deliver measurable improvement? I suggest that we try to focus on the action plan and require officers to set measurable indicators rather than informal promises, and that we emphasise the importance of co-working on all aspects of the authority's decision making including its responses to this auditor's report.
It is depressing that it has taken 14 months for this report to be presented. It is concerning that responses still talk of matters being looked at in the New Year. I suggest we emphasise that these issues are urgent and require immediate action. I suggest we ask for a reworked action plan and officer response to be brought to our next audit committee meeting and that both should be agreed between WECA and the UAs. I recognise that is a tight time frame as publication would be 5th December. Reacting to issues raised by the auditors is not optional and should not be vague. We should request a clear timeline for each area of work arising from this report with details of how it will be implemented
I conclude by emphasising that it is not Audit Committee's responsibility to design and implement the action plan. That lies with the committee directing officers. It is not even our responsibility to design mechanisms for monitoring. However, we should expect to receive regular reports with robust evidence to indicate improvements being made and we should request officers to establish that process urgently.
I will be representing the audit committee view at the Committee at 1pm after our meeting. I will happily change and will try to summarise these at the end of the discussion"*

The West of England Combined Authority Audit Committee were requested to consider a report and submit their views upon a report prepared for the Combined Authority's Committee meeting, called under section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Jon Roberts, Barrie Morris and Tom Foster attended the meeting on behalf of Grant Thornton and set out the findings of the report in detail.

Members had also been requested to pre-submit any questions on the report to External Auditors or to officers of the Authority. Written responses from officers had been circulated.

Jon Roberts explained that the report related to the 2020/21 External Audit of the West of England Combined Authority. During this work the external auditor (Grant Thornton) had determined that some issues had required further consideration. Grant Thornton's work focused on investigating those issues, the results of which were set out in their "VfM Report on Governance". The full report was attached at Appendix 2. The report included 3 statutory recommendations, 2 key recommendations and 4 Improvement recommendations.

The Audit Committee was asked to consider the report and make any recommendations and comments to the Committee for its consideration.

Following a lengthy discussion, including contributions from the Chair, Councillors O'Neill, Duguid, Hucker, Wilcox and Mark Hatcliffe and question to officers, the Chair stated that he did not feel that the responses from the Combined Authority in respect of the Auditor's findings were adequate and he therefore recommended that the Combined Authority Committee adjourned its planned meeting for that afternoon so that those responses could be reconsidered. He also called for an early sight of any action plan and how the Authority was measuring its progress against the action plan. The committee was unanimous in supporting these proposals and wished to stress they considered the matter as urgent from the Committee for these proposals which had been supported by other members during the debate.

The Auditor's confirmed that any follow up audit would take place in the next financial year.

The Committee also requested that the Auditor's consider audits into the following areas:

- Rail and bus funding;
- CRSTS

Agreed:

(1) That the Audit findings on governance be noted and Grant Thornton be thanked for bringing the report to the Committee;

(2) To recommend to the Combined Authority Committee that the proposed response by the Authority not be accepted as adequate and that the Audit Committee call upon the Combined Authority Committee to adjourn its proposed meeting in order to reconsider its response in light of the detailed comments made by the Audit Committee;

	<p>(3) That the Committee note the need for a response within 30 days of the final report being received from Grant Thornton and note the importance that the response should be jointly worked;</p> <p>(4) That the officers action plan was not acceptable and that a jointly worked action plan be brought back to the next meeting of Audit Committee, with specific proposals for dealing with each recommendation;</p> <p>(5) That the Authority, in consultation with the Unitary Authorities, work up a detailed timeline and also agrees key measureable performance indicators that will help show direction of travel. Timeline and KPIs also to be presented to the next available Audit Committee;</p> <p>(6) That the Audit Committee expect regular reports setting out measurable actions against targets and progress made;</p> <p>(7) That the additional suggestions for audit work in the areas of Rail and bus funding and CRSTS be noted.</p>
9	<p>The Audit Findings for the West of England Combined Authority</p> <p>The Committee were asked to note a report which provided the West of England Audit Committee with Grant Thornton's Audit Findings for the West of England Combined Authority for year ending 31 March 2022. The Audit Finding's report included the following key information:</p> <ul style="list-style-type: none"> · Financial Statements · Significant Risks · Key Judgements and Estimates · Value for Money Arrangements <p>The Interim Director of Investment and Corporate Services stated that there had been an issue identified relating to a land purchase that should have been accrued for in 2020/21 which had been accounted for in the wrong accounting year of 2021/22 and for which an adjustment will need to be made given it is a material sum. The Auditors were investigating whether this applied to any other transactions.</p> <p>The following issues were identified:</p> <ul style="list-style-type: none"> · Actuaries had been assisting with the work on pensions liabilities. · Investigative work was being undertaken with journal entries to identify both the poster and the approver, although it was noted that only the appropriate officers could approve such entries – the follow-up work on the auto-reversing was set out in Appendix B; · The Audit work was carried out in accordance with requirements with further investigations if necessary with the VfM and Governance work; <p>The Committee agreed that the Chair could sign off the final accounts on behalf of the Committee.</p>

	<p>Agreed:</p> <p>(1) That the External Auditor's VfM report be noted;</p> <p>(2) That the Chair of the Audit Committee be authorised to sign off the accounts on behalf of the Committee.</p>
10	<p>Internal Audit Update</p> <p>Tariq Rahman and Jeff Wring, Audit West (Internal Audit) submitted a report updating the Committee on the Internal Audit work 2022/23. The report summarised the first six months of audit work and a further report would be brought to the Committee. Work planned for 2023/24 would be reported to a future meeting.</p> <p>Internal Audit had undertaken a review of the risks and controls related to Concessionary Travel and assessed the framework of internal control at level 2. A total of 6 audit recommendations had been detailed in the Action Plan attached at Appendix 1. The management response to these recommendations was attached at Appendix 2. Management confirmed that the focus was on integration and improvement issues including agreements with UAs and North Somerset Council. The Government reimbursed the cost of carrying a concessionary fare passenger using a formula. It was noted that there were no plans to alter the 9am start for use of a concessionary travel card.</p> <p>Agreed: That the areas under review be noted and the progress against the Internal Audit plan as of 20 October 2022 be noted.</p>
	<p>Date of Next meeting: Monday, 12 December 2022, 10.30 am, Oak Hall, Bradley Stoke Town Council, The Jubilee Centre, Savages Wood Road, Bradley Stoke, South Gloucestershire, BS32 8HL</p>