

MINUTES

WEST OF ENGLAND COMBINED AUTHORITY:

AUDIT COMMITTEE

12th July 2018

Committee Members:

Cllr Will Sandry, Bath & North-East Somerset Council (Vice Chair)

Cllr Brian Simmons, Bath & North-East Somerset Council

Cllr Donald Alexander, Bristol City Council

Cllr Harriet Bradley, Bristol City Council

Cllr Brenda Massey, Bristol City Council

Cllr Liz Radford, Bristol City Council

Cllr Charlie Bolton, Bristol City Council

Cllr John O'Neill, South Gloucestershire Council

Cllr John Ashe, South Gloucestershire Council

Officers:

Patricia Greer, Chief Executive

Mark Angus, Financial Services Manager

Tim Richens, Director of Corporate Services

Barrie Morris, Auditor from Grant Thornton

	<p>WELCOME AND EVACUATION PROCEDURE The Chair welcomed everyone to the meeting and advice was given on the fire evacuation procedure.</p>
1	<p>APOLOGIES FOR ABSENCE Apologies were noted from Cllrs Roger Avenin, Claire Hiscott, Geoffrey Gollop and Jerome Thomas.</p> <p>Cllr Charlie Bolton attended as a substitute for Cllr Jerome Thomas and this will now be permanent. Cllr Liz Radford attended as a substitute for Cllr Claire Hiscott.</p>
2	<p>DECLARATIONS OF INTEREST UNDER THE LOCALISM ACT 2011 There were no declarations of interest.</p>
3	<p>MINUTES The Committee considered the minutes from the meeting of 26 June 2018. The Minutes were accepted as an accurate record of the meeting.</p>
4	<p>CHAIR'S ANNOUNCEMENTS There were no announcements.</p>
5	<p>ITEMS FROM THE PUBLIC No public questions or statements had been received.</p>
6	<p>PETITIONS There were no petitions.</p>
7	<p>UPDATE FROM THE WEST OF ENGLAND COMBINED AUTHORITY CHIEF EXECUTIVE Patricia Greer (PG) presented on the governance of the West of England Combined Authority.</p> <p>PG described how the LEP board feeds into, advises and informs decisions on West of England Combined Authority boards. WECA has a Single Pot Assurance Framework which covers governance and decision making, value for money, transparency and accountability. Funding comes in a number of forms including business rate retention £10m, Future Bright £4m, 5G project £5m, Housing & Infrastructure £250m etc. PG pointed out that WECA needs to be increasingly flexible to be able to bid when projects arise.</p> <p>The committee members raised the following questions which were addressed by officers as follows:</p> <ul style="list-style-type: none"> • Cllr Harriet Bradley queried what the process was for funds. PG responded that CEO and Tim Richens are accountable for requests/bids that come in to or made by West of England Combined Authority. WECA work closely with the local authorities and the relevant WECA programme manager has oversight. Cllr Harriet Bradley then asked where funds go? PG replied that it is based project by project. WECA meet at director level to discuss and decide where the funds would be best placed. • Cllr Donald Alexander queried how WECA communicate to the public on what is going on? PG responded that WECA makes use of its website to update and publicise, press

	<p>releases, and social media. Cllr Harriet Bradley queried the vocabulary WECA use to communicate with the public. PG responded that we need to be clear enough (devolution jargon) for the ‘person on the street’ to understand..</p> <ul style="list-style-type: none"> • Cllr Charlie Bolton asked if there are measures for clean and inclusive growth? PG responded that the basis of infrastructure for WECA is clean and inclusive. It needs to underpin everything we do. • Cllr Harriet Bradley queried words in the governance statement; the terms consultation and stakeholders. Who are the stakeholders? PG replied that consultations are meaningful discussions and meetings. Stakeholders are everyone in the region, however the effects are wider reaching. • Cllr Will Sandry asked about the pressure on local government with constant cuts. PG responded that we have different pots of money, agility and resource. WECA have bid managers and bid writers. We have a small core team flexing up and down. Staffing is tight and we are ensuring we are using them in the right way. This is under constant review. Senior management team meet weekly and attend performance management meetings. <p>Action: Update was noted with thanks to PG</p>
<p>8</p>	<p>STATUTORY ACCOUNTS</p> <p>Tim Richens (TR) thanked MA, Price Waterhouse Cooper and external auditors Grant Thornton. This was WECA’s first time working with PWC to produce the Statutory Accounts. TR gave a brief overview of the accounts and then opened up for questions, queries and addendums.</p> <ul style="list-style-type: none"> • Cllr Charlie Bolton enquired if WECA must produce an Annual Governance Statement? TR responded yes, we do, as it is a statutory requirement and is included in the Statutory Accounts. On 27th July it will also go to WECA Committee for information. • Cllr Harriet Bradley queried the narrative of the report saying that it is too technical and the balances were lower than expected. TR responded that WECA was set up with no balances. WECA is underwritten by constituent councils and the level of balances required under constant review. It doesn’t need large reserves. We will need to consider what further work can be done on the accounts and associated reports to help them be clearer. • Cllr Harriet Bradley questioned the pension situation and pension fund. TR replied the pension is through Avon Pension Fund and all staff have their pensions guaranteed through this. MA said on staff transfer date 01/05/2017 actuary analysed and calculated £0 deficit. Actuaries are limited in the way that they can calculate deficits. The accounts used a valuation method based on corporate investment bond yields which have a £1.7 million valuation difference from last year. <p>Action: Accounts unanimously accepted.</p>

9	<p>REPORT FROM EXTERNAL AUDITOR</p> <p>Barrie Morris (BM) from Grant Thornton presented the External Auditor report. This report takes a stance based on the evolution of the organisation. It also recognises whether we are where we should expect to be, whether funding is value for money and whether it covers the areas that we would expect.</p> <p>The committee were advised that if they wished to go into more depth the electronic copies of the documents are contained in further links. BM presented the two audit reports.</p> <p>BM reported that both reports give a true and fair audit opinion view. Nothing unexpected came out of the audit and the organisation is giving value for money. The authority did the best it could during the first part of its life. Some audit adjustments were required due to misclassified income and expenditure. The Audit opinion is Unqualified which is good. The birth of a new organisation is unusual and going forwards there will be a need to establish if the organisation is evolving too fast or slow. Risk management – medium.</p> <p>Cllr Harriet Bradley – Asked about the process for the identified action and what is the timeframe?</p> <p>BM replied that management had accepted the recommended actions and provided a full management response in the report.</p> <p>Cllr Charlie Bolton asked if there would be an action plan or progress reports? TR agreed this would be given and have been included in actions.</p> <p>Action: Appendix 3 & 4; Grant Thornton letters agreed and will be ratified and signed. The Committee agreed for 6 monthly updates to be given on the Management Actions.</p>
10	<p>OUTTURN TREASURY MANAGEMENT REPORTING</p> <p>TR presented the report and appendices. The approach is more familiar as we received training and become more familiar with the presentation and how Treasury reporting is dealt with. The appendices show how the treasury funds are broken down and held. TR then opened up for questions, but there were none.</p>
11	<p>ANY OTHER BUSINESS</p> <p>The next Audit Committee Meeting is currently planned to be held on 4th October 2018. (Subsequently to be rearranged so that the new Director of Investment and Corporate Services can attend).</p> <p>TR announced that he will be leaving WECA within the next few months to return to his work in Bath.</p> <p>Cllr Will Sandry thanked TR for his efforts regarding the Audit Committee.</p>