

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
AUDIT COMMITTEE**

DATE: 3rd JULY 2023

**REPORT TITLE: GRANT THORNTON: INFORMING THE AUDIT RISK
ASSESSMENT FOR THE WEST OF ENGLAND
COMBINED AUTHORITY 2022/23**

**DIRECTOR: STEPHEN FITZGERALD, INTERIM DIRECTOR OF
INVESTMENT AND CORPORATE SERVICES**

**AUTHOR: SELONGE RUSSELL, HEAD OF FINANCE AND
DEPUTY S73 OFFICER.**

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, The West of England Combined Authority'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, must produce statutory accounts on an annual basis. These accounts must 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 for approval following the external audit review.

Consultation

- 3 Consultation has taken place on this particular element of the accounts between Grant Thornton and various financial management staff within the Combined Authority. 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. The West of England Combined Authority will issue a full copy of the draft 2022/23 accounts on the authority's website in line with the statutory deadline.

Other Options Considered

- 4 The West of England Authority intend to carry out an informal briefing to Audit Committee members on the key changes in the statement of accounts for 2022/23.

Risk Management/Assessment

- 5 The publication of the Authority's Financial Statements forms a core part of the West of England Combined Authorities 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: Stephen Fitzgerald, 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 The statement of accounts has no direct impact on climate change issues. However, The CA considers climate change when determining their priorities and investment decisions.

Advice given by: Roger Hoare, Head of Environment

Human Resources Implications

- 10 There are no Human Resources implications arising from the report.

Appendices:

Appendix 1 – Grant Thornton: Informing the audit risk assessment for West of England Combined Authority 2022/23

Background papers:

The West of England Combined Authority Statutory Statement of Accounts 2021/22