

# Interim Auditor's Annual Report West of England Combined Authority

2022/23

December 2023



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Combined Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Combined Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Combined Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Combined Authority's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Combined Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	2021/22 Auditor Judgment	2022/23 Auditor Judgment
Financial sustainability	No significant weakness identified but two improvement recommendations raised	No significant weakness identified but one improvement recommendation raised
Governance	Four significant weaknesses remain. Three statutory recommendations, two key recommendations and four improvement recommendations remain. Three new improvement recommendations raised.	We are withholding our findings on Governance and reporting these separately to Audit Committee in 2024
Improving economy, efficiency and effectiveness	No significant weaknesses in arrangements identified, but three improvement recommendations raised	No significant weakness identified but one improvement recommendation raised



## Financial sustainability

Our work has not identified any evidence which leads us to conclude that there are significant weaknesses which require key recommendations to be raised. Should there be aspects of financial sustainability that are affected by Governance review will update this in our final report.

The Combined Authority continues to be in a strong financial position. The Combined Authority finished 2022/23 within budget. Between 2022/23 and 2023/24, the Combined Authority has seen a 256% increase in grant funding. We have raised an improvement recommendation surrounding the management of the general fund reserves.

## Governance

We are withholding commentary on the Combined Authority's Governance arrangements as we are reporting this separately to the Audit Committee in 2024.

At this stage we are informing the Audit Committee that we have identified further risks of significant weakness in the Combined Authority's arrangements in respect of culture and compliance with internal controls, as well as concerns that the reforms anticipated following our previous statutory recommendations are not progressing and embedding as they should.



## Improving economy, efficiency and effectiveness

Our work has not identified any evidence which leads us to conclude that there are significant weaknesses which require key recommendations to be raised. Should there be aspects of financial sustainability that are affected by Governance review will update this in our final report.

The Combined Authority has continued to strengthen its performance arrangements. The Combined Authority is still in the stage of mobilising to deliver its huge increase in grant funding. Procurement has been supporting this significantly. There have been some changes to the City Region Sustainable Transport Settlement (CRSTS) since our last reporting though the challenges are well known to the authority. We raise one improvement recommendation relating to public reporting of performance.



We have completed our audit of your financial statements and issued an unqualified audit opinion on 30 October 2023, following the Audit Committee meeting on 18 September 2023. Our findings are set out in further detail on pages 17 to 19.

# Use of auditor's powers

We bring the following matters to your attention:

2022/23

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any new written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014, though the Combined Authority still has statutory recommendations outstanding from our 2020/21 reporting.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

# Securing economy, efficiency and effectiveness in the Combined Authority's use of resources

All local authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Combined Authority's responsibilities are set out in Appendix A.

Combined Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Combined Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Combined Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Combined Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Combined Authority makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Combined Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

**In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:**

- Review of Combined Authority Committee, Joint Committee, Overview and Scrutiny Committee and Audit Committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Combined Authority's Annual Governance Statement and other publications



Our commentary on the Combined Authority's arrangements in each of these three areas, is set out on pages 7 to 16.

# The context



## Local context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on combined authorities' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses.

West of England is a Combined Authority area in South West England, around the River Avon. It is made up of the Bristol, South Gloucestershire, and Bath and North East Somerset unitary authorities. The Combined Authority is led by the Mayor of the West of England. The West of England Combined Authority Order 2017 ("the Order") came in to force on 9 February 2017. The Order establishes the West of England Combined Authority ("The Combined Authority"). The Combined Authority provides a formal structure for the three authorities for the West of England area to give effect to the devolution deal with government. It has allowed for the transfer of powers and funding by central government to local government and gives the West of England region greater control over matters such as local transport, strategic planning and skills as well as levers to grow the local economy. The work to develop the Combined Authority has built upon existing successful joint working arrangements in the West of England. The Combined Authority has been established by an Order to improve the exercise of statutory functions which are defined in the West of England Combined Authority Order. The functions primarily relate to Local Transport, Strategic Planning, and Skills and the terms of reference of the Combined Authority are limited to the discharge of these functions.

The devolution deal agreed that the directly elected West of England Mayor would act as chair of the West of England Combined Authority. The Mayor would have responsibility for a consolidated, devolved local transport budget, the ability to franchise bus services, responsibility for a new Key Route Network of local authority roads and powers over strategic planning, including the adoption of a statutory spatial development strategy to act as a framework for managing planning across the West of England region.

The first election of the Mayor of the West of England took place on 4 May 2017. Since 9 May 2021, Dan Norris was elected as the Mayor.

The West of England Combined Authority works alongside partners in the region to invest and deliver to improve transport systems, to broaden the training opportunities open to people, to unlock new development sites, to improve high streets, towns and city centres, to attract new investment and opportunity to the West of England and to deliver on its climate and ecological ambitions.

# Financial sustainability



## We considered how the Combined Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Over the past two years, the West of England Combined Authority has seen a significant increase in funding coming into the region, including almost £700m in funding for transport, £95m to help deliver the Temple Quarter regeneration programme, £14m via the UK Shared Prosperity Fund and £18m to speed up delivery on projects right across the region. Like all local authorities, it is simultaneously also dealing with the impact of inflation, rising energy costs and a wider uncertain economic environment.

## 2022/23 financial performance

The Mayoral Fund's outturn revenue position for 2022/23 was a balanced budget.

The Combined Authority had a successful year in terms of attracting additional funding to the region. The original budget approved in January 2022 envisaged £67m of income being available to fund revenue expenditure. As stated in the 2022/23 accounts, £91m was in eventuality able to be applied to the year – a 36% increase from the original budget.

	Original Budget (£,000's)	Approved Budget (£,000's)	Outturn (£,000's)	Variance to Approved Budget (£,000's)	(%)	Net Outturn (£,000's)	Variance to Budget (£,000's)
Business and Skills	25,695	27,406	26,727	(679)	(2%)	106	32
Environment	148	247	863	616	249%	89	89
Infrastructure	27,706	30,657	35,375	4,718	15%	584	(212)
Corporate Services	8,140	15,023	23,621	8,598	57%	(3,548)	(1,212)
Strategy & Innovation	3,537	4,022	1,639	(2,383)	(59%)	655	198
Chief Executive	1,889	1,889	1,817	(72)	(4%)	1,100	91
<b>Gross Expenditure</b>	<b>67,115</b>	<b>79,244</b>	<b>90,042</b>	<b>10,798</b>	<b>14%</b>	<b>(1,014)</b>	<b>(1,014)</b>
Business and Skills	(25,621)	(27,332)	(26,621)	711	(3%)		
Environment	(148)	(247)	(774)	(527)	213%		
Infrastructure	(26,904)	(29,861)	(34,791)	(4,930)	17%		
Corporate Services	(10,482)	(17,359)	(9,810)	(9,810)	57%		
Strategy & Innovation	(3,080)	(3,565)	(984)	2,581	(72%)		
Chief Executive	(880)	(880)	(717)	163	(19%)		
<b>Gross Income</b>	<b>(67,115)</b>	<b>(79,244)</b>	<b>(91,056)</b>	<b>(11,812)</b>	<b>15%</b>		
<b>Net Spend</b>	<b>-</b>	<b>-</b>	<b>(1,014)</b>	<b>(1,014)</b>	<b>n/a</b>		
Transferred to Treasury Reserve			475				
Transferred to General Reserves			539				

Source: 2022/23 Outturn Report

# Financial sustainability

The West of England Combined Authority Revenue Budget finished 2022/23 with a £1,014k surplus position. The Combined Authority was able to contribute this surplus toward general and earmarked reserves. A large proportion of the surplus was driven by interest earnings and was allocated to the earmarked Treasury Management reserve. £539k of the surplus was used to supplement General Reserves and facilitated an increase from £1.933m to £2.474m.

The greatest departmental variance from budget was in Corporate Services, which experienced a 57% surplus which is largely attributable to the interest earnings.

The contribution to reserves shows the Combined Authority to be in a relatively comfortable financial position. The ability to replenish reserves (particularly reserves that are currently a comparative low) demonstrates prudent financial management.

## 2023/24 financial planning and performance

The Mayoral Fund and Combined Authority follow different budget setting and financial reporting arrangements due to legislative requirements. In 2022/23, the Mayoral Fund produced a net nil balanced budget and the Combined Authority reported total expenditure of £113m. The Mayoral Fund is confined to those functions that fall under the specific responsibility of the Mayor in accordance with the 2017 Order.

The Mayoral and Combined Authority budgets for 2023/24 were approved by the Combined Authority Committee on 27 January 2023.

The Combined Authority's revenue budget is made up of four main components:

- core revenue funding;
- specific grants;
- a transport levy for defined services; and
- approved investment fund schemes.

As set out in the Q1 monitoring report, the Combined Authority is forecasting a £2.5m surplus position for 2023/24. The 2023/24 budget set income and expenditure of £121m, producing a net nil balanced budget. Since then, the Combined Authority has been successful in obtaining and utilising additional funding – rising from an original budget of £121m to £151m during the year – a 25% increase. Expenditure is also expected to increase in line with the additional funding.

## The Medium Term Financial Plan

The Combined Authority's medium-term position has not changed since our reporting on 2021/22 in July 2023 as there has not yet been the 2024/25 budget round. In summary, the Combined Authority has experienced extraordinary growth in the last three budgets, seeing an increase in grant funding by 256% from 2022/23 to 2023/24. In January 2023, the Combined Authority agreed to an £8m staffing increase of which 10% will be withheld, with the remaining funds being released following unanimous Combined Authority Chief Executive and Chief Executives of the Unitary Councils' approval.

As set out in our 2021/22 report, there is risk surrounding whether the organisation has the capacity to deliver the scale and volume of activity it needs to following the large increase in funding. We noted that given the governance issues (highlighted in our report on Governance matters from December 2022 and the SOLACE report from March 2023), the Combined Authority must prioritise demonstrating reputationally that it can manage itself financially and organisationally in the medium term.

The Combined Authority continues to be in a comparatively strong financial position for the medium term.

Any mention of financial sustainability or financial control arrangements within the Combined Authority's transformation programme will be addressed by our planned Governance report (see page 13).



# Financial sustainability

## Reserves

In December 2021, the Combined Authority launched its Financial Reserves Policy at Audit Committee. The policy aims to support the Combined Authority's efforts against its growth ambitions and mitigate the volatility of its revenue funding streams by striving to achieve and maintained an unearmarked General Fund Reserve balance of at least 5% of net annual revenue expenditure.

In our prior year's report, we noted that the Combined Authority's reserves position was lower than the target 5% of net annual revenue spend as at 31 March 2022. The reserves balance stood at £2.4m at the end of 2022/23. 5% of net revenue spend against the 2023/24 budget would be £5.7m placing the current reserves balance as low in comparison. We noted that, based on the 2021/22 transfer of £87k to reserves, it would take the Combined Authority close to forty years to replenish reserves to the target level if it continued to replenish at that rate. The growth in the absolute value of the Combined Authority's budgets would also make the achievement of this target even more challenging.

The Combined Authority does not forecast the need to use reserves during 2023/24 which projects the balance to be £2.474m as at 31 March 2024. The Combined Authority performed an analysis of published accounts to the end of March 2022 and determined that levels of reserves would broadly need to double to approach comparable levels elsewhere. This analysis was presented to the October 2023 Combined Authority Committee.

It is important to note that the level of reserves at a Combined Authority does not assume the same level of risk as reserves at other local authorities due to the funding arrangement, it is still important for the Combined Authority to have a level of reserves proportionate to its net revenue spend in order to protect it against financial risk. For this reason, we re-issue an updated improvement recommendation urging the Combined Authority to continue to direct its focus toward replenishing its reserves balance to its own policy's target figure, or to reconsider the suitability of the policy for its current needs. It would be prudent for the Combined Authority to consider using unbudgeted gains in the net revenue budget, for example, the Treasury Management surplus position reported in 2022/23, to replenish its reserves balance and demonstrate effort toward achieving its own reserves policy target.

## Capital

In our report from 2021/22, we noted significant underspends against original capital budgets owing to slippage and delays in capital projects. A similar trend has emerged for 2022/23 reporting.

In January 2022, the Combined Authority set an original capital expenditure budget of £142.2m (a significant increase from the original capital budget of 2021/22 which was £59.2m). In March 2023, the Combined Authority approved a revised capital programme of £76.2m - a £66m or 46% decrease from the original budget.

In the 2022/23 accounts, the Combined Authority has reported an outturn of £89.8m against the revised budget (therefore reporting a £13m or 17% underspend). Against the original budget, the outturn would actually show a £52.4m underspend (37%).

In terms of current performance against this 2023/24 budget, the Combined Authority is reporting a downward revision of the capital budget to £104m in March 2023. The forecast for 2023/24 based on information to July 2023 is £126.5m which is driving a projected £22m surplus position. Based on prior year outturn, it is unlikely that the Combined Authority is going to deliver this position come year end.

The movement to the revised budget from the original budget for 2022/23 is similar to 2021/22 and owing to slippage, reprofiling and delays in capital projects. There are benefits to maintaining this position. The Combined Authority has demonstrated this with its high returns on its cash balances in the last two years. Whilst the liquidity position is an obvious benefit, failure to properly budget a capital programme could impact on the Combined Authority's delivery of its strategic objectives. It is important that the Combined Authority demonstrates that it intends to deliver the projects within the capital strategy for a particular year. Setting a high capital budget at the start of the year and coming in significantly under budget at outturn undermines the Combined Authority's perceived capability to manage its capital budget and deliver its plans. Focus must be turned to setting realistic and achievable capital programmes that allow for sufficient lead time before expenditure is incurred and using the prior years' outturn as a contributing factor to the successive years' budget. Once realistic budgets are in place then attention will need to be on monitoring progress against them. This is particularly important given the persistently high levels of inflation. Our improvement recommendation from 2021/22 remains outstanding.

# Financial sustainability

## The budget setting process and budgetary control

The foundational tenets of the budget setting process are outlined in the Combined Authority's Constitution which was last updated in 2017.

Budget holders are consulted in the preparation of the budgets for which they are held responsible and accept accountability within the delegations set by the Chief Executive for their budgets and the objectives to be delivered. Key developments and efficiencies are included in the delivery plans (for subsequent monitoring) and individual employee's Performance Development Reviews. Through this process, there is clear evidence of engagement of budget holders in the process and evidence that financial performance is a key objective for senior managers, forming part of the Combined Authority's performance management processes to ensure formal and effective accountability for the delivery of budgets.

Senior managers are responsible for preparing draft budgets in consultation with the Chief Finance Officer, ensuring budgets are timely, balanced and consistent with any cash limits and within the format prescribed by the Chief Finance Officer. Senior managers must integrate financial and budget plans into service delivery planning so that budget plans reflect financial and non-financial performance measures. When drawing up draft budget requirements, senior managers are expected to give regard to spending patterns and pressures revealed through the budget monitoring process, include targets for growth/reduction, implications of changes to external funding and any other policy requirements.

The budget for 2023/24 presented at 27 January 2023 Combined Authority Committee followed this budget setting process outlined in the Constitution. The budget was approved with the exception of an agreement to preclude 10% of the £8m staffing increase to enable further work to be undertaken to assess the relevant need against pressures on services. The remaining funds were agreed to be released following the unanimous approval of the Combined Authority Chief Executive and Chief Executives of the Constituent Councils.

In terms of budgetary control, monitoring against the Combined Authority budget is reported to each meeting of the Combined Authority committee. At an operational level, there is monthly monitoring of all areas including comparison with the monthly financial performance with the budget of that period, comparison of year to date position with budget for that period and forecast of the financial performance for the full year and comparison to the annual budget.

Each of these internal reports clearly signpost the variances for management to act upon. In addition to the above operational reports, there is regular reporting to the joint meetings of the West of England Combined Authority Committee and the West of England Joint Committee. This enables action at a strategic level.

## Conclusion

Our work has not identified any evidence which leads us to conclude that there are significant weaknesses which require key recommendations to be raised. Should there be aspects of financial sustainability that are affected by Governance review will update this in our final report.

The Combined Authority continues to be in a strong financial position. The Combined Authority finished 2022/23 within budget. Between 2022/23 and 2023/24, the Combined Authority has seen a 256% increase in grant funding which has had a significant impact on the medium term sustainability. The budget setting process and budgetary control arrangements are adequate. We have updated our previous improvement recommendation surrounding the management of the general fund reserves, as well as confirming that improvement recommendations in this area, raised at last year's audit, remain extant.

# Improvement recommendations

## Improvement Recommendation 1

The Combined Authority must direct effort toward building its general reserves balance to its target within a reasonable timeframe or review its reserves policy for suitability for its current needs.  
The Combined Authority could demonstrate a willingness to build its reserves balance through use of unexpected surpluses, such as the surplus generated on Treasury Management balances for 2022/23, being used to replenish the reserves balance.

## Summary findings

In our prior year report, we noted that the Combined Authority's reserves position was lower than the target 5% of net annual revenue spend as at 31 March 2022. The reserves balance stood at £2.4m at the end of 2022/23. 5% of net revenue spend against the 2023/24 budget would be £5.7m placing the current reserves balance as low in comparison. We noted that based on the 2021/22 transfer of £87k to reserves, it would take the Combined Authority close to forty years to replenish reserves to the target level if it continued to replenish at that rate. The growth in the absolute value of the Combined Authority's budgets would also make the achievement of this target even more challenging. It would be prudent for the Combined Authority to consider using unbudgeted gains in the net revenue budget, for example, the Treasury Management surplus position reported in 2022/23, to replenish its reserves balance and demonstrate effort toward achieving its own reserves policy target.

## Criteria impacted



Financial sustainability

## Management comments

**As the Combined Authority continues to grow, and whilst the volatility of revenue funding streams remains a significant issue, the West of England Mayoral Combined Authority will continue to monitor its risks and balance the need to hold reserves accordingly in order to account for any future issues, losses or expenditure that cannot be predicted. We will therefore continue to place a robust emphasis on building the reserves from any unexpected or one-off surpluses generated from Treasury Management to ensure that we continue to strengthen the financial position of the Combined Authority.**

Progressing the actions management has identified to address the recommendations made will support the Combined Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

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# Governance

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## New key risk of significant weaknesses in arrangements for consideration

During our 2020/21 audit we took the relatively unusual step of issuing statutory recommendations recording the governance arrangements in place at the Combined Authority. These focussed on the partnership governance arrangements in place for supporting constructive engagement between the Combined Authority and its constituent unitary authorities, as well as the governance of a particular severance matter.

In last years' audit we reflected on progress that had been made following our formal recommendations, including a review undertaken by SOLACE and the Combined Authority's new Transformation Plan. Given that remedial arrangements were not yet embedded, we also considered that our Statutory Recommendations remained extant for 2021/22 as well, and this was also reflected in our recent audit opinion on the Combined Authority's 2022/23 accounts.

In recent months we have been made aware of a number of developments that have meant that we now need to inform the Audit Committee that we have identified further risks of significant weaknesses in arrangements in this area.

Specifically, we now plan to undertake further work, in respect of these risks, regarding the Combined Authority's arrangements in respect of culture and compliance with internal controls, as well as concerns that the reforms anticipated following our previous statutory recommendations are not progressing and embedding as they should.

# Improving economy, efficiency and effectiveness



## We considered how the Combined Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Performance

The West of England Combined Authority (the Combined Authority) is striving to be a driving force for clean and inclusive economic growth in the West of England with the aim to ensure that people benefit from more job opportunities, a stronger economy and a higher quality of life.

The Combined Authority has arrangements in place to monitor and track performance. All combined authorities are subject to five-yearly Gateway reviews which functions as an independent evaluation of performance. The last Gateway review was performed in 2020 and noted positive progress. During 2022/23, the second Gateway review process was initiated though results are not expected in the immediate future. An interim report will be available in early 2024 with the final Gateway assessment in 2025/26 financial year.

The table below outlines the performance management arrangements. The Combined Authority is looking to review its approach to performance management during 2023/24. The Local Evaluation Framework was also agreed and submitted to Government in July 2023.



# Improving economy, efficiency and effectiveness

The Combined Authority's strategic priorities can be outlined in 5 key themes:

1. Create the West of England Sustainable Transport
2. Tackle the climate and ecological emergency
3. Secure decent jobs and training
4. Make the West of England an amazing place to call home
5. Put the West of England on the map for national and global success

The Combined Authority can point to a number of successes against these key themes during 2022/23. Examples of these include: the commencement of the MetroBus route 4 between Bristol Parkway and Cribbs Causeway in January 2023, enrolling 890 learners to Multiply projects across the region between October 2022 and March 2023 (focusing on upskilling local people from the more deprived areas), delivering a Cultural Plan for the West of England region to help tackle labour shortages and the recovery of hospitality and tourism and launching the Made Smarter programme to support SMEs with efficiency and sustainability grants, internships and training. This progress and delivery is positive and worthy of note.

Oversight of the portfolio of Combined Authority programmes within the Local Growth Assurance Framework is governed by the Programme Review Board. The Board is made up of Combined Authority and UA thematic directors and S151/S73 officers. The Board meets monthly and gains assurance on the delivery of the portfolio including whether it is in line with financial and operational milestones, ensuring compliance with grant conditions, ensuring risks are managed and there is alignment between the portfolio and regional objectives.

The Combined Authority Annual Business Plan sets out the key activities to be delivered each year. The Combined Authority report against progress in this business plan quarterly to CLT. The Combined Authority report against each Mayoral priority, provide a RAG-rating on progress alongside a progress update and allocated to a CLT lead.

We have previously raised an improvement recommendation encouraging some level of public reporting of performance indicators. Our recommendation from 2021/22 reporting remains outstanding as outlined in the 'Follow up previous recommendations' section.

## City Region Sustainable Travel Settlement (CRSTS)

The City Region Sustainable Travel Settlement (CRSTS) Programme commenced in April 2022 and will run for a period of 5 years up to March 2027. In October 2022, the West of England Combined Authority advised Committee members that the (CRSTS) had a funding pressure of £85m against a funding allocation of £540m as a result of unforeseen national inflation. This £85m previously unforeseen financial pressure absorbed the programme contingency and risk allocation. This made delivery of the programme, as initially submitted to the Department for Transport (DfT), within the funding allocation highly unlikely. The DfT has stated that no further funding is available, therefore the £540m funding allocation remains as per the initial award of April 2022.

This funding gap began growing during 2022/23 due to higher than forecast inflation levels. The Combined Authority began discussions with DfT surrounding the potential for increased funding to offset the inflationary pressures and were informed that the expectation would be that the Combined Authority managed the pressure within the £540m initial allocation.

In April 2023, DfT wrote to all CRSTS grant recipients advising that they would accept a revised delivery and scope proposal, amending that agreed and published on the DfT website (July 2022), which enabled delivery of the CRSTS' strategic outcomes within the current committed funding allocation. DfT would not accept using this 're-baseline process' to add new projects to the programme. The re-baselining proposal forms the foundation of the Combined Authority's response to DfT.

DfT required a response from all CRSTS grant recipients by 30th September 2023, which was extended by DfT to 6 October 2023 to accommodate the West of England's Committee cycle. The Combined Authority met the deadline and received feedback for the submission but is yet to receive acceptance, as DfT continue to review the submission.

Internal audit performed a review of the scheme's in year budget management and concluded 'Substantial Assurance.' The report found that the forecasting and budgeting for the 25 identified CRSTS projects is kept under review with specialist external consultancy support enlisted by the Combined Authority for independent scrutiny and advice. The finance team actively review in-year budget and forecasting on a monthly basis, liaising with CRSTS project managers for short term focuses.

# Improving economy, efficiency and effectiveness

## Procurement

The Combined Authority has a Procurement Strategy in place in draft form. We documented in our 2021/22 report that the Commercial Strategy was in draft form and was set to be published imminently. The Commercial Strategy is going through final approvals and is expected to be published in December 2023. We raise an improvement recommendation urging the Combined Authority to publish its Commercial Strategy to ensure that all procurement is guided by an up to date strategy that is aligned with the wider organisational strategy. The Combined Authority has developed individual procurement strategies for each significant procurement. These are reviewed and approved by the Commercial Team.

The Combined Authority has Contract Standing Orders in place within the Constitution. The CSOs have not been updated since 2017. In order to mitigate this, the Commercial Team is developing a Procurement Policy that aligns with the Contract Standing Orders but is in a more accessible format outside of the body's constitution. This is currently in development and should be published imminently.

The Combined Authority has recently set up the Commercial Approval Board. The Board forms a key part of the Combined Authority's governance processes within the commercial, financial and legal operations to ensure that all third party expenditure is managed and controlled. The Board approves all Combined Authority spend above £100k. The Board meets every week.

The team has been directing effort toward gearing itself up to match the increasing organisational growth and demand. While previously much of the work of the Commercial Team was manual, the Combined Authority is in the process of procuring a system to manage all of its procurements and contracts. The introduction of this system will help to make the procurement process more efficient.

The Combined Authority has a Contracts Register in place. At present, this is being fulfilled by spreadsheet. Monthly spend analysis is undertaken by the Commercial Team to reconcile spend on the finance system with the information on the Contracts Register. The Commercial Team has the aim of introducing a more automated process whereby purchase order requisitioners will be required to match spend to a contract number and all purchase orders will require sign-off from the Commercial Team. This is set to be implemented within the next few months.

At present, the majority of the work of the Commercial Team surrounds the CRSTS programme and mobilising the various procurements necessary to ensure effective draw down of the funding and commencement of the projects.

## Conclusion

Our work has not identified any evidence which leads us to conclude that there are significant weaknesses which require key recommendations to be raised. Should there be aspects of improving economy, efficiency and effectiveness that are affected by Governance review will update this in our final report.

The Combined Authority has continued to strengthen its performance arrangements. The Combined Authority is still in the stage of mobilising to deliver its huge increase in grant funding. Procurement has been supporting this significantly. There have been some changes to the City Region Sustainable Transport Settlement (CRSTS) since our last reporting though the challenges are well known to the Combined Authority. We raise one improvement recommendation relating to securing DfT agreement to the re-based CRSTS plans.

# Improvement recommendations

## Improvement Recommendation 2

The Combined Authority should publish its Commercial Strategy and Procurement Strategy to ensure procurement is guided by an up to date strategy that is aligned to the wider organisational strategy.

## Summary findings

The Combined Authority has a Procurement Strategy in place in draft form. We documented in our 2021/22 report that the Commercial Strategy was in draft form and was set to be published imminently. The Commercial Strategy is going through final approvals and is expected to be published in December 2023. We raise an improvement recommendation urging the Combined Authority to publish its Commercial Strategy to ensure that all procurement is guided by an up to date strategy that is aligned with the wider organisational strategy. The Combined Authority has developed individual procurement strategies for each significant procurement. These are reviewed and approved by the Commercial Team.

## Criteria impacted



Improving economy, efficiency & effectiveness

## Management comments

The Commercial team have made good progress over the last 12 months supporting the delivery of major programmes and projects across the Combined Authority. During this period a key focus has been on strengthening controls, governance and delivering VFM. During the remaining FY 23/24 period a number of fundamental building blocks will be in place that will ensure the commercial team is an integral part of the organisation's long-term success.

Progressing the actions management has identified to address the recommendations made will support the Combined Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.



# Improvement recommendations

## Improvement Recommendation 3

The Combined Authority must work to agree the re-baselining with the Department of Transport (DfT) to progress the City Region Sustainable Travel Settlement (CRSTS) programme related projects.

## Summary findings

The CRSTS represents the largest single allocation of funding to WECA for the medium term. It is of significant importance that the authority is able to demonstrate value for money and be able to use the funding within the five-year time frame. There are risks surrounding when the Combined Authority is able to mobilise to be able to commence the projects supported by the CRSTS funding and this may result in a high number of schemes being scheduled to complete in the last two years of the programme. There must be effective management of the funding and programme to ensure value for money is achieved.

## Criteria impacted



Improving economy, efficiency & effectiveness

## Management comments

We have submitted the rebaseline to DfT following the West of England Combined Authority Committee Meeting on 6th October 2023. DfT have written to us accepting our submission and we now await the formal endorsement and approval accordingly.

Progressing the actions management has identified to address the recommendations made will support the Combined Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information provided by client)	Addressed?	Further action?
SR1 The Mayor and members of the Combined Authority represented by the Council Leaders, must commit to improving their working relationship and demonstrate that significant progress has been made within a reasonable timeframe to be determined by the Mayor and Combined Authority. This should include a role for independent mediation and the constructive consideration of advice arising from this process.	Statutory	November 2022	<p>New processes have been established to ensure that papers supporting decisions due to be taken by Committee are available earlier in the cycle to each Committee meeting, providing more scope for discussion between MCA partners on direction of travel.</p> <p>A new pre-briefing process has been established for Mayors and Leaders to discuss papers and issues in advance of Committee meetings</p> <p>CEOs continue to meet fortnightly and receive early sight of proposed Committee agendas</p> <p>A programme of activity is underway to frame the role and purpose of the MCA. All Mayors and Leaders and CEOs have met with an independent facilitator in support of this work and next steps in this programme are in development.</p>	We will address this in our future Governance report.	We will address this in our future Governance report.
SR2 A formal protocol should be agreed between member organisations within the Combined Authority to commit to consultation on key proposals, that they should define, at an earlier stage. Combined Authority members should engage effectively in this process, to help mitigate points of contention before they are published and debated in public. This should include a commitment to deliver proposals on a reasonable timetable.	Statutory	November 2022	<p>As noted in response to SR1, new processes are in place to support earlier engagement in papers setting out decisions for Committee.</p> <p>Through Director Boards and CEOs, the perspectives of all partners are heard through the Committee paper development process and recommendations reflect the conclusion of regional discussions. While Committee does not accept all recommendations - as is appropriate for democratically elected leaders - stronger processes are now in place to support debate and refinement of papers on the route to Committee.</p> <p>There are now standing items on the CEO meeting agenda to ensure there is a formal route for UA colleagues to request briefings for their members. Additionally, new ToR have been established for the Programme Review Board, setting a clear protocol of how this group will operate and support collaboration. The proposed focus of the PRB will be an assurance role - strengthening the flow of information and collaboration between UAs and the CA.</p> <p>ToR for all collaboration groups will be revised following the conclusion of the role and purpose work that is taking place as part of the Combined Authority Transformation Programme. There are also regular meetings between the relevant Monitoring Officers where key issues and draft reports can be discussed.</p>	We will address this in our future Governance report.	We will address this in our future Governance report.

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information provided by client)	Addressed?	Further action?
IR2 We recommend that the Constitution be reviewed, as previously considered by Combined Authority members. This should incorporate the new Monitoring Officer protocol but also focus on the specific ambiguities raised in recent legal advice including the definition of statutory roles, delegated powers, managing conflicts of interest, decisions on all senior staffing matters including restructure and severance. The results should be reported to Committee and used alongside the points we have raised as a basis for revision. There may be value in reviewing other Combined Authority constitutions to optimise the opportunity to improve the document in these areas.	Improvement	November 2022	An initial review of the constitution was undertaken by the current interim Officer during July and August 2023. The review identified a number of areas where the constitution would benefit from amendments to improve clarity, accuracy and stakeholder engagement. An initial suite of changes and a proposal for an ongoing programme of review was discussed at the Scrutiny Committee on 8 September 2023 and the Audit Committee on 18 September 2023 as part of an update on the governance workstream of the transformation programme. These proposals were discussed with the unitary authority CEOs and MOs as part of that process. The intention was to take the same for approval to the 6 October 2023 meeting of the Combined Authority Committee. Regrettably, there was insufficient consensus to allow a paper to be tabled at that meeting and there remains considerable scope for progress against this objective. In the meantime, a legal services protocol has been introduced to clarify the process for the instruction and oversight of external legal services providers. In addition, a review of processes, templates and guidance notes around delegated decision making is well underway to provide operational clarity and consistency in advance of affecting constitutional change.	We will address this in our future Governance report.	We will address this in our future Governance report.
KR1 The future management structure of the Combined Authority should be reviewed in order to ensure it is fit for purpose in the context of new funding awards and strategic priorities and this must include appropriate consultation and agreement by the CA Committee.	Key	November 2022	The Combined Authority keeps the leadership structure under constant review. We are pleased to have recruited a Statutory Section 73 Officer / Strategic Director of Resources, replacing previous interim arrangements, and we have moved some functions beneath this role to ensure appropriate structural alignment. Other roles have naturally evolved as the Combined Authority has matured, and these are reflected in the leadership structure. Further work will be undertaken over the coming months to ensure that all leadership roles are appropriately aligned, and the Chief Executive will work with the Director of People and Assets and the wider Corporate Leadership Team on any necessary changes or structural realignments.	Yes	No

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information provided by client)	Addressed?	Further action?
SR3 In future, in all circumstances, including where there is a potential conflict of interest affecting individual statutory officers, adequate steps must be taken to ensure the statutory duties of these officers is effectively discharge.	Statutory	November 2022	There is now in place a legal services protocol making it clear that all instructions to external legal providers must come through the in-house legal team. Our external legal provision has been put on a procured framework footing, with relationship management also overseen by legal services. The protocol has been published on the internet, under a provision inserted into the constitution pursuant to this recommendation to ensure that only legal services can instruct external legal services providers. The protocol referred to here does not deal with situations where the Monitoring Officer (or any other statutory officer) may be conflicted. However, both the Section 73 Officer and Interim Monitoring Officer have appointed deputies to act in those rules where the primary post-holders are unable to. This plainly provides the usual degree of resilience such that there is someone else able to discharge the statutory duties of those roles where the primary post holders are conflicted.	We will address this in our future Governance report.	We will address this in our future Governance report.
1 The Combined Authority should review and evaluate how it sets its capital budget. Consideration of this will enable it to set more realistic budgets going forward.	Improvement	July 2023	There has been a significant amount of work in the Infrastructure Directorate which makes up the majority of our capital spend. We have undertaken workshops and training with staff both internally and with the UAs. We have updated the forecast template and made is simpler and the majority of projects are now forecasting on a monthly basis. And we have monthly meetings with the Heads of Services from the Infrastructure Directorate to challenge, review and support where required.	Partially	Improvement recommendation remains outstanding
2 The Combined Authority should focus on building its general reserves balance to its target in a reasonable timeframe. For example, including a designated contribution to reserves in each year of the medium term financial plan, setting a defined timeframe.	Improvement	July 2023	The current forecast position for 23/24 is suggesting we will make a surplus due to Treasury management and therefore the intention is to allocate the majority of this to building up the reserves but this will need approval at the Committee when the final position has been established.	Partially	Improvement recommendation is superseded by recommendation raised in this report

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information provided by client)	Addressed?	Further action?
3 The Combined Authority should continue to work with external support to ensure the implementations raised in the SOLACE report are progressed and also address the issues raised in the Grant Thornton Auditor's Report on Governance Matters from December 2022.	Improvement	July 2023	The MCA Transformation Programme has progressed in all areas and updates have been provided to each Committee meeting over the course of the year with no requests for changes submitted. External support is in place as required across the programme and the Independent Peer Reviewer who conducted the SOLACE report will be carrying out a 1 year on review in Spring 2024.	We will address this in our future Governance report.	We will address this in our future Governance report.
4 Risk management The Combined Authority should work with Members to reconsider the presentation of risk registers to ensure clarity of understanding and reporting. The Combined Authority should map each risk on its Risk Register to a key corporate objective aligned with its Business Plan. This will ensure that risks are considered in relation to their ability to impact the organisation's capacity to deliver its corporate objectives.	Improvement	July 2023	The Corporate Risk Framework has been reviewed and updated including revised risk categories, introduction of stated risk appetite and guidance on its application, an implementation plan to further embed a risk management culture and ownership within the organisation and additional guidance, including a new risk appetite matrix and a risk definition guide. It is proposed to seek endorsement of the new Framework at Audit Committee in December.	We will address this in our future Governance report.	We will address this in our future Governance report.
5 Audit Committee The Combined Authority should seek to ensure that the Audit Committee meets at least four times in a year in line with the CIPFA Guidance: Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition), [CIPFA, 2018] The Combined Authority should implement a mandated regular self-assessment review of Audit Committee effectiveness, for example, every two years.	Improvement	July 2023	Same comment as previous applies. There is a forward plan in place for the next 12 months which is in the public domain.	We will address this in our future Governance report.	We will address this in our future Governance report.

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information provided by client)	Addressed?	Further action?
6 The Combined Authority should publicly publish its performance against its Business Plan.	Improvement	July 2023	The Business Plan is published externally. Quarterly management reports are provided to the Corporate Leadership Team. An end of year assessment of performance will be produced. A new corporate performance team is in the process of being recruited, this team will lead the development of a revised performance framework.	Partially	Improvement recommendation outstanding
7 The Combined Authority should strengthen the Programme Review Board Terms of Reference to include regularity of meetings, composition of membership, powers of the Board, operation of the Board and the review and assessment of the Board. The Board should agree an agreed list of indicators to report against at meetings to ensure consistent measurement of performance against like-for-like indicators. This will help to ensure greater clarity and accountability for progress against key performance indicators.	Improvement	July 2023	A proposed revised Terms of Reference was presented to the PRB in November. This seeks to clarify the role and purpose of the Board and the fit with other governance such as thematic meetings of MCA and UA Directors. The proposed focus of the PRB will be an assurance role acting across the MCA's portfolio. It is planned that the revised Terms of Reference will be approved by a future meeting of the MCA Committee	Yes	No
8 The Combined Authority should seek to move the use of CRSTS funding from business case development phase to delivery phase. There must be corresponding reporting against performance indicators and key delivery milestones to evidence this	Improvement	July 2023	PRB established. CRSTS re-baselined with DfT, agreed with the UAs. Progress from business case development into delivery is inherent in project development within the public sector. The Combined Authority recognises the need to move at pace. Where we can, the Combined Authority has moved projects direct to FBC, we recognise this imports risk, however we balance, through governance, risks associated with expedited delivery against the risk of missing detailed scope design and other factors needed to support project delivery. The Combined Authority tends to endorse 'direct to FBC' projects where these are low risk, low complexity, low impact. On the whole, the CRSTS programme will see projects delivered within the CRSTS period i.e. March 2027, with one notable exception (M32 Sustainable Transport Hub) which we have agreed with the grant provider.	In progress	Improvement recommendation remains outstanding

# Opinion on the financial statements



## Grant Thornton provides an independent opinion on whether the Combined Authority's financial statements:

- give a true and fair view of the financial position of the Combined Authority as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Combined Authority in accordance with applicable ethical requirements, including the Financial Reporting Combined Authority's Ethical Standard.

## Audit opinion on the financial statements

We issued an unqualified opinion on the Combined Authority's financial statements on 30 October 2023.

The full opinion is included in the Combined Authority's Annual Report for 2022/23, which can be obtained from the Combined Authority's website.

Further information on our audit of the financial statements is set out overleaf.



# Opinion on the financial statements



## Timescale for the audit of the financial statements

- We completed our audit planning in March 2023 with our final audit work being undertaken from July to September 2023
- The Combined Authority provided its draft financial statements following publication on 16 June 2023, slightly after the 31 May 2023 national deadline
- We presented our Audit Plan to the Audit Committee on 3 July 2023
- Work was largely completed within our planned audit resource time, with some overruns arising on key areas including grant receipts in advance and capital grants
- We issued an unqualified opinion on the financial statements on 30 October 2023, one month after the national deadline of 30 September 2023

## Findings from the audit of the financial statements

- Our significant risk areas were management override of controls (journals) and valuation of the pension fund net liability
- We identified one issue relating to management override of controls, where three journal entries had not been approved in the system. We were satisfied that this represented a system error and not a deliberate override of controls
- We identified no issues relating to the valuation of the pension fund net liability
- There was one significant adjustment made to the primary statements of £615k, for a creditor which had been over-accrued, as well as one unadjusted error of £1,696k and a number of minor disclosure adjustments processed
- We made one recommendation, that the Combined Authority's management should familiarise themselves more closely with the disclosure requirements for senior officer remuneration as this note was initially under-disclosed

More detailed findings are set out in our Audit Findings Report, which was presented to the Combined Authority's Audit Committee on 18 September 2023. Requests for this Audit Findings Report should be directed to the Combined Authority.





# Other reporting requirements



## Other opinion/key findings

No exceptions identified.

## Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Combined Authority's Audit Committee on 18 September 2023.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Combined Authority's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

No additional work is required at the Combined Authority as it does not exceed the audit threshold set by the NAO. We have completed our Assurance Statement to this effect and therefore the Whole of Government Accounts work is complete.



# Appendices

# Appendix A: Responsibilities of the local authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

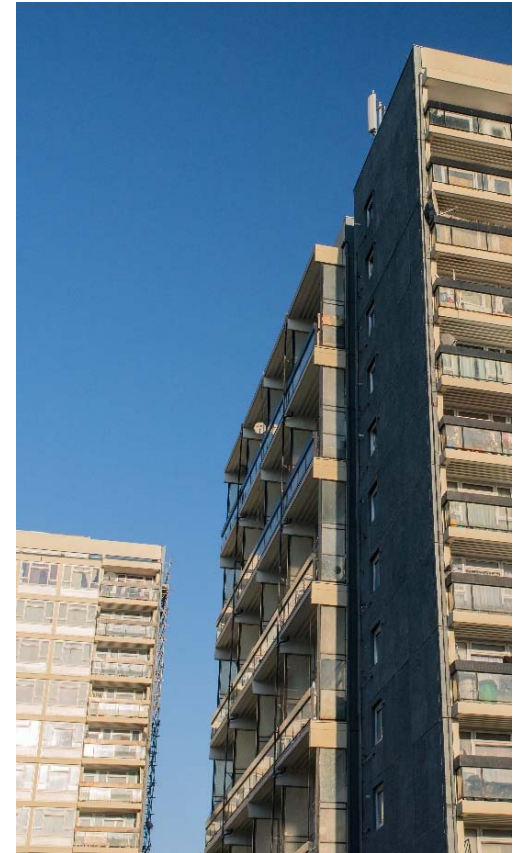
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Combined Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Combined Authority will no longer be provided.

The Combined Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B:

## An explanatory note on recommendations

A range of different recommendations can be raised by the Combined Authority's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Combined Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Combined Authority's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Combined Authority. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Combined Authority, but are not a result of identifying significant weaknesses in the Combined Authority's arrangements.	Yes	12,17



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