

**WEST OF ENGLAND COMBINED AUTHORITY:
AUDIT COMMITTEE
26 April 2018**

DRAFT MINUTES

Committee Members:

Cllr Geoffrey Gollop, Bristol City Council (Chair)
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 Claire Hiscott, Bristol City Council
Cllr Jerome Thomas, Bristol City Council
Cllr John O'Neill, South Gloucestershire Council
Cllr Roger Avenin, South Gloucestershire Council
Cllr John Ashe, South Gloucestershire Council

	<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, John Ashe, Harriet Bradley, Claire Hiscott and Jerome Thomas.</p> <p>Cllr Charlie Bolton attended as a substitute for Cllr Jerome Thomas.</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 25 January 2018. The Minutes were otherwise accepted as an accurate record of the meeting. The Chair did, however, make a request for the minutes to be circulated sooner in future.</p>
4	<p>ITEMS FROM THE PUBLIC No public questions or statements had been received.</p>
5	<p>PETITIONS There were no petitions.</p>
6	<p>INTERNAL AUDIT ANNUAL REPORT 2017/18 JW presented this report, which details the work carried out during 2017/18. This report details progress against the Plan and provides a summary of audit performance and key issues. The report itself is a standard report which includes a dashboard showing the KPI's and the type of indicators. JW advised that Audit West are required to carry out 80 days of work and Appendix I details all the completed work and shows that 100% of the plan is substantially completed.</p> <p>JW informed the Committee that Audit West had presented on the outcome of their work and received positive feedback.</p> <p>There have been no investigations relating to whistle blowing cases.</p> <p>Audit West had received positive comments on the audit process through the customer feedback mechanism.</p> <p>JW commented on the individual reviews and the outcomes from the reasonable assurance model work presented at the last audit committee meeting and gave the formal opinion on the internal control framework and thanked the members for their engagement with the process.</p> <p>The meeting then opened up to receive questions. GG questioned what could be done around whistle blowing to make it an independent process. GG commented that with an organisation with relatively few employees such as WECA he was particularly concerned about how someone could retain their anonymity. JW responded that this is a valid point but that it helps in that Audit West is independent from WECA. JW said</p>

that he would ensure this was part of the planned work for 2018/19 and would update the committee on any issues with existing processes.

CB asked who had appointed Audit West as internal auditors and TR said that we had looked to constituent councils first and the continuity of provision, which B&NES could provide and Audit West were appointed.

CB asked how we would avoid a 'Bundred' and whether processes are in place to avoid a similar situation to that which occurred at Bristol City Council. TR responded that processes are in place and that we also have both internal and external auditors reporting independently and transparently to the Audit Committee. As the Section 151 Officer TR said that if there are any concerns, mechanisms are in place to deal with them.

WS raised a question about the last two items on Appendix 1, namely Grant Funding Key Controls Review and Treasury Management, both of which are still awaiting agreement. WS asked how long a report may be in draft form and how long it takes for management to agree. JW responded that they first agree the brief with management and the controls to be tested. Once the review is complete findings are discussed verbally with management and then a draft report is produced asking for management agreement to recommendations, Broadly, a final version would be produced between two and four weeks after the issue of the draft report unless there are exceptional circumstances.

The question was also posed as to how much bigger the organisation will grow and TR responded that this will fluctuate. As an example, the Adult Education Budget (AEB) will transfer to the combined authorities from 2019 together with the £18-£19m budget that goes with it. Bids and announcements will also cause changes. For instance, WECA have recently won the 5G project. In summary, there will be short and long-term projects but these will ebb and flow.

Action: Report was noted, Audit West thanked for their work and JW to report back to the committee through the normal performance reporting cycle if there are any issues with whistle blowing processes.

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INTERNAL AUDIT PLAN 2018/19

JW presented on the Audit Plan and commented that Year 1 was primarily the set-up phase and that Year 2 will continue to support that process. Audit West will always provide assurance around core governance using the reasonable assurance model.

Appendix 1, the Internal Audit Plan and

Section 3 highlights the areas for review

AEB and Future Bright have been singled out for inclusion in the first year under Accountable Body Functions. AEB is expected to transfer from Government with a budget of between £18-£19m. This will require the implementation of a significant procurement function in line with the Authority's financial regulations and standing order. It is intended to ensure the internal auditors are involved in the design of the process.

Future Bright was a successful grant bid during 2017/18 and is an employment support pilot sitting with three constituent councils. WECA has a small project management function to oversee and coordinate this work and will be collating and organising information.

WS queried whether the plans had been discussed with the SMT and asked JW to describe their engagement. JW responded that their engagement and feedback was positive.

It was also agreed that WECA need to ensure that permanent appointments are in place with regard to senior management as soon as possible to re-enforce a positive culture around governance.

GG felt that an area for attention would be forward planning and stated that we need a reasonable expectation of plans over the next couple of years. WS thought this was a good idea.

The status of the Metrobus project was raised and the Committee sought assurance that WECA is not responsible for this and any consequential reputational issues. TR offered this reassurance and stated that the project was between North Somerset, Bristol CC and South Glos. with funding agreement between them and the DfT. The Joint Transport Board used to receive information on this project but this came to an end when WECA came into being. No reports to Joint Committee have been received recently from the Project Lead although this will be rectified shortly.

The consensus was that it was important to ensure the project Governance was clearly set out to ensure roles and responsibilities were clearly understood.

DA said that the transport aspect of Metrobus is community driven and that bus subsidies still sit with constituent councils.

DA also commented that Bristol and South Glos are the providers for AEB but that they do not receive funding to procure. However, WECA will undertake this eventually as we have implementation funding to do this. The money will come from Government to WECA to do the procurement. However, the AEB for North Somerset remains with them.

Internal Audit Charter

JW presented the Internal Audit Charter for endorsement today, which is reviewed annually.

WS asked if it would be necessary to have access to constituent council documents relevant to WECA functions and TR confirmed that we would have appropriate access working with the councils.

The committee were unanimously in favour of the charter and endorsed it at the meeting.

Action: Committee endorsed the Internal Audit Plan and JW to report back on progress on key issues through the normal performance reporting cycle. TR to check that an update from the Project Lead at Metrobus will be given to WECA.

8	<p>REPORT FROM THE EXTERNAL AUDITOR</p> <p>Grant Thornton presented the External Auditor report. This report takes a stance on the evolution of the organisation. It also recognises where we should expect to be, whether funding is value for money and whether it covers areas that we would expect.</p> <p>The committee were advised that if they wished to go into more depth the electronic copies of this document contained further links.</p> <p>This document looks at how the local authority areas are performing against other metrics.</p> <p>TR reported that WECA has a relatively low risk position in terms of information security and that we are Public Sector Network compliant. Although the risk is relatively low at the moment we are conscious of the data we may hold in the future.</p> <p>DA asked if it was possible to be provided with a free copy of the CIPFA Guide on Audit Committees and JW said that he will attempt to find a copy for the committee.</p> <p>The letter from Grant Thornton regarding audit fees was discussed. The Authority's scale fee for 2018/19 has been set by PSAA at £18,634, which BM says is a significant discount of 23%. However, as the role of the Authority expands GT needs to look at whether this stays the same.</p> <p>GG felt that a copy of the Annual Assurance letter should be sent to Committee members with a covering note asking if members felt that anything should be brought to the Auditors' attention. GG, WS & JW are to sit down and go through and submit to the Committee.</p> <p>Action: TR/JW to supply a copy of the Grant Thornton letter to committee members together with a request that they look at this letter and advise whether they consider that anything should be brought to the Auditors' attention.</p>
9	<p>OUTTURN BUDGET REPORTING</p> <p>GG stated that the main reason for this report being tabled is to reassure members that it has been submitted and it is in fact already in the public domain.</p> <p>TR said that we produce monthly budget reports and then report quarterly through to WECA and the Joint Committee. Two monitoring reports are produced each quarter. The most recent went to WECA Committee and Joint Committee on 18th April.</p> <p>TR pointed out that a grant calculation error had been made by Government, which is worth £400K to WECA. This money had already been included when budgeting took place. Tim Bowles has written to Government about this and we are still awaiting detailed calculations from them. More information surrounding this will be coming to Committee in July 2018.</p> <p>There is a small underspend against the LEP budget.</p> <p>The Committee thanked TR for producing this document.</p>

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ANY OTHER BUSINESS

The next Audit Committee Meeting is currently planned to be held on 12th July 2018 and will be an approval meeting for the Accounts. Detailed accounts will be provided at that meeting and a presentation will be made by the external auditors.

Committee members asked if they could have a training group session prior to the meeting and this was agreed. This training session will commence at 10.30 – 11.30 with the Committee Meeting commencing at 11.30.

The Committee discussed the venue for this meeting and it was agreed that the WECA offices were a good meeting point at the moment as it was a central point and therefore easier for most members to access.

The meeting closed at 11.40 am.