



## Audit, Risk & Assurance Committee

<b>Date</b>	2 November 2021
<b>Report title</b>	Annual Accounts 2020/21 for the West Midlands Combined Authority
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<b>Report has been considered by</b>	N/A

### Recommendation(s) for action or decision:

#### Audit, Risk & Assurance Committee is recommended to:

- (1) Approve West Midlands Combined Authority's annual accounts for 2020/21.
- (2) Note the updated Audit Findings Report presented by Grant Thornton.
- (3) Note that Grant Thornton propose to issue an unqualified audit opinion for the accounts.
- (4) Approve the signing of the letter of representation by the Finance Director as set out in Appendix E of the Audit Findings Report.
- (5) Approve that the Chair of Audit, Risk and Assurance Committee be authorised to sign off any further changes required to the Statement or accounts for 2020/21 prior to publication.
- (6) Subject to no further issues being raised by Grant Thornton, approve that the Mayor and the Finance Director be authorised to sign the accounts on behalf of WMCA.

## **1.0 Purpose**

- 1.1 This report has been prepared to seek formal approval of West Midlands Combined Authority's accounts for the financial year ended 31 March 2021 and to provide an update on the auditor appointment process.

## **2.0 Background**

- 2.1 West Midlands Combined Authority's (WMCA) and Midland Metro Limited's accounts for 2020/21 were approved by members at the Committee's meeting on 29 September 2021, however, as members are aware, the meeting was inquorate. Members are now required to formally approve the 2020/21 accounts, subject to the final changes proposed by Grant Thornton, as 'those charged with governance' to enable the accounts to be published in accordance with the Accounts and Audit Regulations 2015 (as amended).

## **3.0 Accounts Approval**

- 3.1 The audit process for 2020/21 has now concluded and Grant Thornton presented their findings to members of the Committee at their meeting on 29 September 2021 along with their proposal to issue an unqualified audit opinion on the accounts.
- 3.2 An updated Audit Findings Report incorporating late changes discussed verbally at the Committee's meeting on 29 September 2021 is attached at Appendix 1 for completeness.
- 3.3 As the last meeting of the Committee was inquorate, members are now asked to formally approve the 2020/21 accounts in accordance with the Accounts and Audit Regulations 2015 (as amended). Should the meeting again be inquorate, WMCA Board will be required to approve the accounts at their meeting on 19 November 2021.
- 3.4 A supplementary paper setting out the impact of the audit change to the treatment of earmarked reserves in the Movement in Reserves Statement is attached at Appendix 2. This paper sets out the changes that have been made to the financial report that was shared at the last meeting of the Committee.
- 3.5 The Narrative Report, Annual Governance Statement and consideration of events after the Balance Sheet date will need to cover the period up to the date of publication and will therefore need to be kept under review until the accounts are formally published.

## **4.0 Auditor Appointment**

- 4.1 Public Sector Audit Appointments (PSAA) is specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. For audits of accounts from 2018/19 onwards, PSAA appointed an auditor, in this case Grant Thornton, to relevant principal local authorities that have opted into its national scheme. Appointments are made for the duration of a five-year appointing period. The current appointing period covers the audits of accounts for 2018/19 to 2022/23. The second appointing period will commence on 1 April 2023 and the procurement of audit services for the second appointing period is currently envisaged to be completed around August 2022.

4.2 Members will recall WMCA's Engagement Lead on behalf of Grant Thornton is Grant Patterson, who has now completed five years in the role and a new Engagement Lead will be appointed shortly in accordance with PSAA requirements. Key Audit Partners at an audited body should act for an initial period of five years and the individual concerned should then have no further direct relationship with or involvement in work relating to the body until a further period of five years has elapsed.

## **5.0 Financial Implications**

5.1 The financial implications are covered within the body of this report and the attached annual accounts reflect the results for the year ended 31 March 2021.

## **6.0 Legal Implications**

6.1 Production of these accounts is a statutory requirement.

## **7.0 Equalities Implications**

7.1 Alternative formats for these accounts are available upon request.

## **8.0 Inclusive Growth Implications**

8.1 Not applicable.

## **9.0 Geographical Area of Report's Implications**

9.1 Not applicable.

## **10.0 Other Implications**

10.1 Not applicable.

## **11.0 Schedule of background papers**

11.1 Not applicable