

Audit, Risk & Assurance Committee

Date	18 April 2023
Report title	West Midlands Combined Authority External Audit Plan 2022/23
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Report to be considered by	Audit, Risk & Assurance Committee

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Note the External Audit Plan for the year ending 31 March 2023 presented by Grant Thornton.
- (2) Note the Informing the Audit Risk Assessment report for West Midlands Combined Authority 2022/23.

1. Purpose

1.1 External Audit Plan

The External Audit Plan attached as Appendix 1 provides an overview of the planned scope and timing of the statutory audit of the West Midlands Combined Authority for those charged with governance.

The National Audit Office has issued a document entitled Code of Audit Practice ('the Code') which summarises where the responsibilities of auditors begin and end and what is expected of the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments, the body responsible for appointing Grant Thornton as auditor of West Midlands Combined Authority.

The scope of the audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). Grant Thornton is responsible for forming and expressing an opinion on the:

- Group's financial statements that have been prepared by management with oversight of those charged with governance (Audit, Risk and Assurance Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency, and effectiveness in its use of resources.

The audit of the financial statements does not relieve management or Audit, Risk and Assurance Committee of their responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for. Grant Thornton has considered how the Authority is fulfilling these responsibilities.

Their audit approach is based on a thorough understanding of the Authority's business and is risk-based.

1.2 The Informing the Audit Risk Assessment

The purpose of the Informing the Audit Risk Assessment attached as Appendix 2 is to contribute towards the effective two-way communication between West Midlands Combined Authority's external auditors Grant Thornton and West Midlands Combined Authority's Audit Risk & Assurance Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Risk & Assurance Committee under auditing standards.

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Risk & Assurance Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Risk & Assurance Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Risk & Assurance Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Risk & Assurance Committee and supports the Audit Risk & Assurance Committee in fulfilling its responsibilities in relation to the financial reporting process.

As part of the risk assessment procedures Grant Thornton is required to obtain an understanding of management processes and the Authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

2. Financial Implications

There are no financial implications arising from this report.

3. Legal Implications

There are no legal implications arising from this report.

4. Equalities Implications

There are no equalities implications arising from this report.

5. Inclusive Growth Implications

There are no inclusive growth implications arising from this report.

6. Geographical Area of Report's Implications

There are no geographical area implications arising from this report.

7. Other Implications

There are no other implications arising from this report.

8. Schedule of Background Papers

8.1 External Audit Plan year ending 31 March 2023

8.2 Informing the audit risk assessment for West Midlands Combined Authority 2022/23