



**MINUTES OF THE EXTRAORDINARY JOINT INDEPENDENT AUDIT COMMITTEE
(WEST YORKSHIRE COMBINED AUTHORITY AND WEST YORKSHIRE POLICE)
HELD ON 11 FEBRUARY 2022**

Video Conference

MEMBERS PRESENT

Trevor Lake (Chair)
Julie Talbot
Julie Winham

OFFICERS PRESENT

Julie Edwards, Head of Accountancy, WYP
Katherine Johnson, ACO, WYP
Paul D Grady, Grant Thornton
Ellen Millington, Grant Thornton
Julie Reid, Interim Head of Policing and Crime, WYCA (notes)
Neil Rickwood, Head of Audit and Risk, WYP
Nora Romek, Grant Thornton
Angela Taylor, Director of Corporate and Commercial Services, WYCA

1. WELCOME & APOLOGIES

Trevor Lake welcomed everyone to the meeting.

2. DECLARATIONS OF INTEREST

None disclosed.

3. EXTERNAL AUDIT REPORT

Katherine Johnson welcomed the draft Joint Audit Findings Report which had been prepared by Grant Thornton noting that, ordinarily, the audit findings are considered by Committee along with the draft statements of account. The draft statements of accounts were considered by members in October 2021 and, although the draft Audit Findings Report is incomplete and has not been reviewed by the Police, it is being presented to members as an interim report.

Trevor Lake queried when the final date was for issuing audit findings and was advised that it has passed – the Combined Authority was obliged to publish a notice to state that finalisation of the audit had been delayed but there is no further statutory deadline.

Paul Grady presented the draft Audit Findings Report to members advising that this has been a particularly challenging audit given the change of date of the financial year end from 31 March 2021 to 9 May 2021 and also because of regulatory changes relating to pension valuations and estimates. Thanks were offered to the staff in West Yorkshire Police Finance Department for their work and assistance.

Members were advised that the main outstanding areas are:

- Pension fund asset valuation
- Estimates of accruals associated with the adjusted year-end date
- NPAS and property valuations
- Residual queries on updated financial statements

An unqualified opinion is anticipated in due course with an 'emphasis of matter' paragraph relating to disclosures following an organisational transfer – a standard position for an organisation in this position.

Only modification would be a standard one for any organisation in this position re disclosures following year end transfer and implications.

In terms of the pension fund valuation, members were advised that the additional valuation work for the period between 31 March 2021 to 9 May 2021 had fallen to Grant Thornton to undertake and this was a significant demand which had required the engagement of valuation experts who were carrying out valuation of 'level 3 assets' such as property or private equity valuations.

Members were advised of a number of non-material items including the minimum reserve position and writing back of overprovisions and creditor extrapolation.

Julie Winham welcomed the comprehensive report and queried its circulation. It was confirmed that this is a draft report which will not be made public. A final version will be released in due course which may be published

Julie Winham queried a reference to adjustment in the financial statement of £0.88m and was advised that this relates to NPAS.

Julie Winham asked if assurance had been gained from internal audit work, noting the Redman Review's recommendation for more collaboration and engagement with internal audit, and was advised that internal audit reports are reviewed to identify areas of risk/concern as part of audit planning. Ellen Millington also advised that VFM work is reported separately and refers to enquiries made to the Internal Audit Team.

Julie Winham queried the methodology employed for testing journals and was advised that a range of risk criteria are identified and scored with testing carried out on journals above an agreed cut-off point. Approximately 50 journals were tested.

Julie Talbot noted the reference to journals not balancing and a lack of authorisation and was advised by Julie Edwards that the system does not allow unbalanced manual journals, but system generated journals may be unbalanced – these are checked and rectified each day. Members were also informed that the system limits dual authorisation for almost all

users and the audit had identified that the control had not been evidenced properly but this has now been rectified. Paul Grady confirmed that the audit work had not found that the risk had materialised.

Julie Talbot noted a reference to outstanding recommendations from the previous year and was advised that some had already been implemented but had not been presented to the External Auditors. West Yorkshire Police have not had the opportunity to review the draft report and a planning meeting is scheduled for next week to clarify this.

Julie Talbot sought confirmation of the proposed date for completion and was advised by Paul Grady that a report is expected to be presented to the next Audit Committee on 18 March subject to the outstanding pension fund valuations.

Julie Talbot queried where the pension valuation, which was reported in the draft statements of accounts, had been drawn from and was advised that the figures had been provided by the pension actuaries but need corroboration.

Julie Winham queried why deficiencies in police officer pension administration had been reported as 'blue' rather than 'purple' given that the audit of the police officer pension scheme had concluded with a qualified opinion. Paul Grady advised that the qualified opinion was based on the controls in place, but testing had not flagged a pervasive risk.

Julie Winham noted that it would be helpful to identify the risk category of the outstanding prior year recommendations so that the impact on the control environment could be assessed.

Julie Winham asked if there were any significant areas other than those identified as outstanding and was advised that the main area is the risk associated with journals.

Trevor Lake noted that the journal issue is not material but an area members would wish to have assurance on along with the valuation of pension assets and the VFM audit before the Committee would be in a position to make a recommendation.

Katherine Johnson concurred, advising that an update report to the next meeting on 18 March would be helpful. Katherine expressed disappointment that a final report is not available given the significant amount of work that was done to close down the accounts but recognised the impact of regulatory changes on the external audit work programme.

Angela Taylor noted the work that has been done so far and expressed concern that there may still be outstanding work by the time of the next Audit Committee meeting meaning that a recommendation cannot be made by the Committee.

Paul Grady stated that audit standards do not allow finalisation without the pension valuation.

Trevor Lake requested that as much outstanding work as possible is done before the next Audit Committee so that a recommendation can be made on that basis.

Paul Grady expressed confidence that a recommendation could be made at the next Audit Committee subject to completion of residual work with a final review being done under

delegated authority by the statutory officers or the next Audit Committee chair. Katherine Johnson agreed noting that the Committee could make a recommendation, but the accounts would not be signed until the audit is finalised.

4. ANY OTHER BUSINESS

None raised.

Next meeting: 18 March 2022, by video conference