

BRISTOL CITY COUNCIL

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 15TH JANUARY 2010 AT 9.30 A.M.**

- P Councillor Trevor Blythe
P Councillor Mark Brain
P Councillor Sean Emmett
P Councillor Geoff Gollop (in the Chair)
P Councillor Patrick Hassell
- A Ken Guy - Independent Member
P Brenda McLennan - Independent Member

Also in attendance

Councillor Popham, Executive Member for Efficiency and Value for Money

**AC
66.1/10 APOLOGIES FOR ABSENCE, SUBSTITUTIONS AND
INTRODUCTIONS**

Apologies for absence were received from Ken Guy.

**AC
67.1/10 PUBLIC FORUM**

There was no public forum.

**AC
68.1/10 DECLARATIONS OF INTEREST**

There were no further declarations of interest.

**AC
69.1/10 MINUTES AUDIT COMMITTEE – 13th NOVEMBER 2009**

RESOLVED - that the minutes of the meeting of the Audit Committee held on 11th November 2009 be confirmed as a correct record, with the exception of an amendment on page 11

regarding clarification on Bristol's performance, and signed by the Chair.

AC

70.1/10

WHIPPING

No whipping was declared.

AC

71.1/10

CHAIR'S BUSINESS

1. The Chair reported that he had met with the Audit Commission regarding the Committee's attitude to fraud and he confirmed that the Committee should identify fraud if there, but should not pursue it. Fraud should be tackled as a high priority as funding allowed..
2. The Chair advised that Councillor Brain would be attending the Core Cities Audit Committee Chairs Meeting on 26th January 2010 in his place.
3. The Chair with the Chief Internal Auditor are to review a checklist for Audit Committees with regard to the Committee's ongoing agenda.
4. The Chair suggested that if the current work programme could be reduced it would be helpful if Internal Audit staff could provide briefings on some on going issues prior to Meetings of the Committee.

AC

72.1/10

WORK PROGRAMME

The Committee were asked to note that the report on the Governance Arrangements for the West of England Partnership was not currently available and would be brought to the next meeting of the Committee.

The Chair suggested that when the Partnership Policy and Toolkit have been approved, the Committee receive a presentation before the next Meeting.

The Committee requested that the dates of future meeting be considered in conjunction with meeting dates for the Resources Committee in order to avoid too many meeting in a short period of time, in particular the date of the January meeting.

RESOLVED - that the work programme be noted.

AC

73.1/10

PARTNERSHIPS - SPECIFIC GOVERNANCE ARRANGEMENTS

The Committee considered a report of the Strategic Director Resources (Agenda Item No. 8) providing brief information about the governance arrangements for two of the Bristol Partnership's Partnership Boards.

The Principal Health Policy Officer introduced the part of the report relating to the Health and Wellbeing Partnership and summarised it for Members.

During the debate and questioning that followed the following points were highlighted:

- Systems and procedures were being put in place to ensure proper scrutiny
- The Partnership Board is cross cutting but has no dedicated staff
- There is an Independent Chair to enable challenge and there is a Performance Management Sub Group
- The Checklist applies more readily to Partnerships which do not have cross-cutting boards The Board has no voting rights, but the Chair is a member of the Bristol Partnership
- The Bristol Partnership is an independent organisation with the City Council fully represented on the Executive Board
- Monitoring of LAA Targets acts as a performance indicator for service delivery, although it also important to look at a wider set of indicators than just LA As
- As the City Council is funding Officers it is important to ensure that performance is improving
- It is important that there is tight governance over the Bristol Partnership
- Performance information can be attached to the Checklist for the Audit Committee to consider

The Chief Internal Auditor advised that Service Director, Economic and Cultural Development was unable to attend the Meeting and that the paper on the Prosperous and Ambitious Board should be regarded as a for information item.

- RESOLVED -**
- (1) that the report be noted; and**
 - (2) that the comments on the Health and Wellbeing Partnership Board be taken into account.**

**AC
74.1/10**

ROLE OF THE INFRASTRUCTURE AND DEVELOPMENT BOARD

The Committee considered a report of the Strategic Director, City Development (agenda item no. 9) setting out suggested improvements to the monitoring process.

The Strategic Director, Resources gave a brief introduction of the report.

The Service Director, Major Projects then explained the report and attachments in detail to the Committee.

During the debate and questioning that followed the following points were highlighted:

- The system for monitoring projects was now very structured and sophisticated meeting industry standards by using tried and tested methods; the spreadsheet (Appendix C) is very important
- Great emphasis put on the Business Case which must include the intended benefits that the project will realise e.g. revenue savings
- Most of the controls and procedures have been put in place in the last 12 months and only when new projects are completed will the benefits of the new system become apparent
- The new system will address issues such as the launch costs of the Colston Hall not being budgeted for

- Problems with the Redland Green School had been caused by the brief being changed at a late stage causing an increase in costs and the consultant employed by the City Council not protecting the interests of the City Council
- Expenditure and cash flows within individual years can be included in the monitoring information
- The Museum Project was a very difficult project to manage as it involved working on an existing building lottery funding, etc.
- Any changes in project budgets are reported to the relevant Executive Member; reports also go to Leader's Briefing and Cabinet
- Further consideration will be given the most appropriate way to report on projects
- Although the new system is more resources intensive, it is considered worthwhile and value for money in terms of control
- The Chair suggested that a letter be sent to the Chief Executive welcoming the new system

RESOLVED - that the report be noted.

**AC
75.1/10**

**GRANT THORNTON - FINAL USE OF RESOURCES REPORT
2009**

The Committee considered a report of the Strategic Director, Resources (agenda item no. 10) on Grant Thornton's assessment of the Council's use of resources performance for 2009.

The Grant Thornton Representative introduced the report and summarised it for the Committee.

During the debate and questioning that followed the following points were highlighted:

- There is an inevitable time delay between making recommendations and those recommendations being actioned; all the actions being taken are considered appropriate

- There is liaison between Grant Thornton and relevant Officers of the Council
- 2 is an adequate score and does not indicate that something is not fit for purpose

RESOLVED - that the report be noted

**AC
76.1/10**

GRANT THORNTON – AUDIT INSPECTION LETTER

The Committee considered a report of the Strategic Director, Resources (agenda item no. 11) commenting on the Council's Annual Audit Letter for 2008-09.

The Grant Thornton Representative introduced the report and summarised it for the Committee.

During the debate and questioning that followed the following points were highlighted:

- One of the requests from the public about the Council's Accounts concerned caretaking costs; details of the other request would be provided
- Work is being done to identify benchmarking and linking to performance to enable challenge and comparison with other core cities
- Partnership arrangements are complex and vary across the country, some have not yet developed risk management arrangements
- Internal Audit have facilitated meetings with the main partners in this area to establish best practice
- There are concerns that if partners do not do everything required of them the work may fall on the Council to do
- Measuring value for money can be difficult but the issue must be addressed
- Partnership working can be difficult because there is no hierarchy to set priorities

- The Chair suggested an open session for Audit Committee Members and Partnership Officers be arranged to develop a coherent strategy. Session to include a presentation on risk management within partnerships.

RESOLVED - that the report be noted.

**AC
77.1/10**

**GRANT THORNTON – AUDIT AND INSPECTION PLAN –
PROGRESS REPORT**

The Committee considered a progress report from Grant Thornton (agenda item no. 12).

The Grant Thornton Representative introduced the report and summarised it for the Committee.

During the debate and questioning that followed the following points were highlighted:

- The Chair welcomed any suggestions relating to the Audit Committee which may result from the review of the effectiveness of the Audit Committee due to take place in March 2010
- It was noted that the Strategic Director, Transformation chairs the Business Transformation Board and that Members receive regular updates on progress
- The update on Neighbourhoods is not yet available

RESOLVED - that the report be noted

**AC
78.1/10**

**INTERNAL AUDIT – GRANT THORNTON
RECOMMENDATIONS UPDATE**

The Committee considered a report of the Strategic Director, Resources (agenda item no. 13) requesting comments on management's progress with implementation of Grant Thornton's high priority recommendations.

The Chief Internal Auditor introduced the report and summarised it for the Committee.

The Chair requested all responses not yet received should be

available in time for the next Meeting of the Committee.

RESOLVED - that the report be noted

AC

79.1/10

EXCLUSION OF PRESS AND PUBLIC

RESOLVED - that under Section 100A(4) of the Local Government Act, the public be excluded from the meeting for the consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act as amended by the Local Government (Access to Information) (Variation) Order 2006.

AC

80.1/10

INTERNAL AUDIT – STRATEGIC FRAUD

(Exempt under paragraph 7)

The Committee considered an exempt report of the Strategic Director, Resources (agenda item no. 15) providing an update of current developments in respect of fraud against the public sector and how we are responding to them in Bristol City Council.

RESOLVED - that the report be noted

AC

81.1/10

INTERNAL AUDIT - PERIODIC REPORT

(Exempt under paragraph 7)

The Committee considered an exempt report of the Strategic Director, Resources (agenda item no. 16) providing a summary of the Audit activity during 2009/10 to date.

RESOLVED - that the report be noted.

REPORTS FOR INFORMATION

AC

82.1/10

CORPORATE RISK REGISTER

The Committee considered an information report of the Strategic Director, Resources (agenda item no. 17) noting recent changes to

the Corporate Risk Register (CRR).

RESOLVED - that the report be noted

AC

83.1/10

CITY DEVELOPMENT RISK REGISTER

The Committee considered an information report of the Strategic Director, City Development (agenda item no. 18) noting the major focus for the City Development Directorate Management Team (CDDMT) during the past year which surrounded the impact of the recession on the continual delivery of “value for money” services.

RESOLVED - that the report be noted

AC

84.1/10

THRIVING NEIGHBOURHOODS PARTNERSHIP RISK REGISTER

The Committee considered an information report of the Strategic Director, Neighbourhoods (agenda item no. 19) noting the Thriving Neighbourhoods Partnership Risk Register representing an initial assessment of risks to be managed by the Board.

RESOLVED - that the report be noted

AC

85.1/10

HOUSING BENEFIT DEBT MONITORING

The Committee considered an information report of the Strategic Director, Neighbourhoods (agenda item no. 20) on how housing benefit debt is measured, how the recovery of it is monitored, and how it ties in with the bad debt provision in the Council's accounts.

The Service Director, Finance introduced this report and summarised it for the Committee. The Council pays out around £160m which has to be claimed back from the DWP. The accounts have been adjusted to take account of two previous years. Overpayments do occur as a result of changes in circumstances. The Council is required to recover illegal payments. There is strict audit of the arrangements.

RESOLVED - that the report be noted.

AC

86.1/10

DATE OF NEXT MEETING

RESOLVED - that the next meeting of the Audit Committee be held on Friday 16th April 2010 at 9.30 am.

Members should also note that a Joint meeting with the Standards Committee is scheduled to be held at 10.00 am on Friday 9th April 2010.

(The meeting ended at 12.50 pm)

CHAIR