

**AGENDA ITEM NO. 8**

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 16<sup>TH</sup> FEBRUARY 2011 AT 5.00 PM.**

P Councillor Brain  
P Councillor Blythe  
P Councillor Emmett  
P Councillor Gollop  
P Councillor Hassell

**Independent members:-**

P Ken Guy  
P Brenda McLennan

**AC**

**86.2/11**

**APOLOGIES FOR ABSENCE, SUBSTITUTIONS AND  
INTRODUCTIONS**

No apologies for absence received.

**AC**

**87.2/11**

**PUBLIC FORUM**

The Chair highlighted that no public forum statements had been received and circulated under standard procedure. However, two emails had been circulated to Audit Committee Members via email, prior to the meeting.

Due to the nature of the information received, the Audit Committee unanimously agreed to allow Kate Hawkey, an author of one of the emails, to address the Committee.

Ms Hawkey stated that she was a parent of children attending Bishop Road School and a School Governor at Redland Green School.

Summarising the circulated email, the following points were highlighted;

i. Despite numerous requests for information and freedom of information requests, the Council had failed to inform Ms Hawkey of the time and date of the Audit Committee meeting scheduled to consider the Bishop Road School Report. It was for this reason that no public forum statement had been submitted. Frustration was expressed at the perceived secrecy throughout the case.

ii. Point 6 in the report included in the agenda papers stated the letter dated the 22<sup>nd</sup> April 2009 identified the additional revenue sum as an:

*“Honorarium that would be added to the school budget”.*

Ms Hawkey highlighted that the contract actually stated:

*“An Honorarium that would be added to the school budget, to be distributed to key members of the leadership team”.*

It was highlighted that the school had the option to return the allocated money following queries related to the legitimacy of the payment.

Reference was made to the Schools Teachers Pay and Conditions Documents (STPCD), which stated that Honorarium money cannot be used for teacher salary.

iii. Bishop Road School refused to accept additional children until the 11<sup>th</sup> hour; freedom of information requests supported this claim. A condition of acceptance was upon the honorarium being paid, this could be considered inappropriate and could indicate the school holding the Council to ransom.

iv. Reference was made to the statement that school numbers would have increased sufficiently to warrant a move to group 5, even without the extra reception class (Bishop Road Governor minutes - 14<sup>th</sup> December 2009). Ms Hawkey highlighted that the number on roll at Bishop Road would never have reached this size. Moving school groups would be a permanent arrangement - schools cannot revert back once the bulge year children leave.

v. It was felt that at the emergency governors meeting on the 30<sup>th</sup> April 2009, the correct procedure had not been followed and examples were provided;

- Declarations of Pecuniary Interests were not made, despite some of those in attendance possibly benefiting from honorarium;
- Possible beneficiaries voted at the meeting;
- An Associate Governor voted, despite having no voting rights;

- Papers circulated at the meeting provided for and against rationale for accepting additional children – this did not include information on the honorarium;
- The original minutes from the meeting acknowledge the honorarium payment, the minutes published on the website did not.

vi. The Governor meeting minutes from the meeting on the 21<sup>st</sup> May 2009 referred to the request for some of the details to remain confidential, and a governor requested that the information should be made available in the minutes. Ms Hawkey questioned the legitimacy of the payment if confidentiality would be required and the implication that the Governors were not fully aware of all the contract details.

Ms Hawkey recommended further action be taken and suggested an independent inquiry. Reference was also made to the matter being referred to the Audit Commission.

Jeanne Jones also received permission to speak and requested details of the additional responsibilities that necessitated the payment of the honorarium.

Following the proposal from Councillor Gollop, the Audit Committee unanimously agreed flexibility regarding further public contributions for the duration of the meeting.

**AC**

**88.2/11**

**DECLARATIONS OF INTEREST**

Councillor Blythe stated that his wife was a school Governor.

**AC**

**89.2/11**

**WHIPPING**

None

**AC**

**90.2/11**

**CHAIR'S BUSINESS**

None.

## ADDITIONAL FUNDING TO BISHOP ROAD SCHOOL

The Committee received a report of the Director of Children and Young People's Services (agenda item 6) identifying the application of the increased revenue and capital funding for 2009/10 and 2010/11 in relation to Bishop Road School, as a consequence of the School agreeing to accept additional pupils.

The Service Director, Education Strategy and Targeted Support apologised for the poor communication relating to the date of the Audit Committee meeting scheduled to discuss this issue.

The following points were summarised;

i. The Service Director, Education Strategy and Targeted Support provided an overview of his responsibility, highlighting that he had been in his position ten months and had not been part of the decision making process related to this item. He had been asked to review the funding in the context of the financial regulations and guidance.

ii. The report presented was an initial report. The Committee could request a further report if they thought this would be appropriate.

iii. Reference was made to the basic underlying principle that stated it would be individual school governing bodies who would make decisions about delegated funding

iv. The Service Director, Education Strategy and Targeted Support summarised the information in the report which included the;

- Equity of the Arrangements;
- The Use of Funding – Revenue and Capital.

The Committee were invited to ask questions and the following comments were made;

v. Councillor Emmett highlighted that there were a number of questions that would need to be addressed, these included;

- Who would be responsible for making decisions related to increased staff pay, had all the £60,000 been spent on staffing?

- Would the additional pay level maintained if the staff member were to leave the school?
- Could a breakdown of repairs and maintenance costings be provided?
- Were Internal Audit aware of the payment?
- Was the Executive Members aware of the payment?
- Have any other schools received similar payments?

vi. Councillor Blythe suggested that had the Planning Committee been aware of the £150,000 one-off capital funding provided, this could have affected their decision to grant planning permission for the portakcabins at Bishop Road School. The Planning Committee could have suggested a more sympathetic approach had the availability of additional funds been known.

vii. Councillor Gollop made the following comments;

- There would be a need the need for categorical assurance that this type of 'honorarium' payment would not happen again;
- An Audit investigation should include a review of all the projects that the previous Service Director, Education Strategy and Targeted Support had involvement with;
- It would be inappropriate for teachers or officers to vote on items that they benefit from. Financial legislation required transparency and adherence to the code of conduct; decisions need to be taken in fairness and openness.
- It could be suggested that the payment was ultra vires and not in accordance to the organisation's rules and regulations; the School Governors' decisions could have been based on misinformation
- Although the Human Resources and Legal Advice failed to identify any concerns with the way the payments had been made this should be investigated further;
- The minutes from this meeting should be supplied to Grant Thornton, the Council's external auditors.

viii. Councillor Hassell requested further information related to;

- how school are audited, the limits for Governor autonomy and whether the LEA and the Audit Committee have a role in reviewing this process?
- the legitimacy of subsequent revenue funding being used to increase the salary of the senior leadership team?
- the decision of the Governing Body to move people to Group 5 as they were all on the top of their existing grade

In response, the Chief Internal Auditor made the following comments;

- Audits of schools are normally completed on a three year cycle in accordance with the previous FMSiS regime, with the primary focus on the financial arrangements; He was not able to confirm at the time when the School had last been audited
- Schools are autonomous bodies within the Council;
- Issues related to wider internal control had been identified within some schools, information has been harder to access than with some other Council services;
- The CYPS report had been requested for the Audit Committee following various concerns being highlighted.

The Chair suggested that the Internal Audit Section should be requested to carry out a more detailed investigation, which would encompass all the public and Councillor concerns. The report should also include a summary of any perceived barriers when information had been requested.

It was acknowledged that although the Audit Section's work programme was very busy the concerns related to the Additional Funding to Bishop Road School should be addressed urgently. The report would be presented to the next Audit Committee meeting on April 8<sup>th</sup> 2011.

- RESOLVED -**
- (1) That Bristol City Councils Internal Audit Section be asked to carry out a more detailed investigation related to the Additional Funding to Bishop Road School;**
  - (2) that the report encompass all public and Councillor queries and includes a summary of any perceived barriers to information**

**AC**

**92.2/11**

**DATE OF NEXT MEETING**

**RESOLVED - that the next meeting will be a joint meeting with the Standards Committee and is to be held on Friday 1<sup>st</sup> April 2011 at 10.00 am**

(The meeting ended at 6.15 pm)

CHAIR