

BRISTOL CITY COUNCIL

MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 3<sup>RD</sup> FEBRUARY 2012 AT 2.00 P.M.

- A Councillor Weston (in the Chair)  
P Councillor Brain  
P Councillor Emmett  
A Councillor Hammond  
P Councillor Hassell  
A Councillor Kiely  
P Councillor Pickup (substitute for Cllr Hammond)
- P Ken Guy ) Independent Members  
P Brenda McLennan )

**AC**

**77.2/12**

**APOLOGIES FOR ABSENCE, SUBSTITUTIONS AND  
INTRODUCTIONS**

Apologies for absence were received from Councillor Weston.  
Independent Member and Vice-Chair, Brenda McLennan took the  
Chair for the duration of the meeting.

**AC**

**78.2/12**

**PUBLIC FORUM**

None

**AC**

**79.2/12**

**DECLARATIONS OF INTEREST**

None

**AC**

**80.2/12**

**WHIPPING**

None

**AC**

**81.2/12**

**CHAIR'S BUSINESS**

None

**AC  
82.2/12**

**ACTION SHEET**

i. Minute 73.1/11 Bristol Partnership Risk Assessment and Value for Money update

The Statutory Requirements for a Local Strategic Partnership (LSP) had been removed and the emerging Local Enterprise Partnership (LEP) comprised of private sector organisations and local authorities would be taking over some of the West of England Partnership (WEP) responsibilities. The Chief Internal Auditor (CIA) agreed to confirm the current status. This action would be removed from the action sheet.

ii. Minute 58.11/11 Consultation on the role of Audit Commission

The Chair of the Audit Committee and the CIA would be attending the Core Cities Audit Chairs' meeting in mid-February and a report would be brought the Audit Committee in April 2012.

iii. Minute 64/11/11 Risk Management Policy

Internal Audit had amended the policy to reflect issues flagged by the Committee – action to be removed from the action sheet.

- RESOLVED -**
- (1) that an update on the status of the West of England Partnership (WEP) be circulated to the Audit Members;**
  - (2) that the updated action sheet be agreed.**

**AC  
83.2/12**

**WORK PROGRAMME**

i. The Grant Thornton (GT) Report on the recommendations from 2009-10 Value for Money Follow Up had been deferred at the last meeting and presented at this meeting.

ii. Information on Financial Resilience would now be included in the current year's work, and included in the GT report on this.

iii. A recent Risk Management Group meeting had suggested that the Corporate and Departmental Risk Registers be included

as main items on the Audit Committee agenda (currently an information item). Cllr Brain highlighted the time constraints at meetings and Members acknowledged the need for balance. It was agreed that Corporate and Departmental Risk Registers would be included as a main agenda item in future but re-assessed should the subsequent discussions prove lengthy.

**RESOLVED - (1) that Corporate and Directorate Risk Registers be included as a main item on future Audit Committee Agendas;**

**(2) that the work programme be agreed.**

**AC**

**84.2/12**

## **BUSINESS CONTINUITY PLANNING - UPDATE**

The Committee considered a report of the Service Director, Safer Bristol (agenda item no. 8) updating on Business Continuity (BC) progress since January 2011.

The Senior Civil Protection Officer (SCPO) presented the report and highlighted the following salient points;

- The business continuity programme would aim to build 'organisational resilience' – to ensure the Council could keep critical services running during emergencies, such as flooding, and disruptions to usual working conditions, i.e. loss of IT services.
- Planning processes have become more embedded and plans have steadily improved.
- The report outlined the progress made in key areas, such as the strengthened links between Directorate and Corporate plans and the improvements in accuracy of information related to the ability of critical services to provide emergency response functions.
- The Civic Protection Unit worked with the Enabling Commissioning Board to build business continuity issues in to new procurement processes.
- Progress has been made with the Invitation to Tender (ITT) document services Legal Agreement, which had allowed a

more accurate specification of the requirements for BC preparedness .

- BCC learnt a lot from the past two severe winters, which had informed plans and areas of weakness had been highlighted.
- It could be predicted that the Council would be providing fewer services directly in the future, with more commissioning taking place. Carefully managed procurement processes and appropriately written contracts would offer some mitigation.

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

- i. Members agreed that the CEX should be requested to support the following, which should be communicated through Managers;
  - insertion of a Business Continuity element in to job descriptions and PMDS of all service managers and other key staff with Business Continuity responsibilities;
  - a willingness to release staff for emergency volunteering, continuity training and exercising.
- ii. Councillor Emmett highlighted the Community risks should be assessed, reputational risk would be important.
- iii. The SCPO confirmed that work would be ongoing to improve the procurement process and the Enabling Commissioning Board had created stronger agreements to ensure appropriate levels of assurances for continuity. There would be very specific and clear requirements for Care in the Community Services.
- iv. The SCPO referred to Emergency Planning procedure – BCC would work with partners (fire service, police, environment agency etc) to address an emergency situation. BCC contracted partners would be required to carry out Council duties and appropriate specification would be included in contracts. The challenge would be to ensure all procurement took place under this premise.
- v. Cllr Hassell referred to the Local Enterprise Zones and the need to ensure no short cuts had been taken, e.g. back up

provisions would be required for people or businesses reliant on high speed internet connections.

vi. The SCPO confirmed that the procurement team would be responsible for conducting financial checks on contractors. The Enabling Commissioning Board would also consider the financial qualifications but services could potentially fail for a variety of reasons. The CIA confirmed that some checks would also be conducted as part of the Internal Audit role.

vii. The Chair referred the Provider/Commissioning shift and the culture change required. Independent Member, Ken Guy highlighted that the supervisory role required different skills to that required when running a service.

viii. The Chair highlighted the need for awareness of the limited resources to be embedded in to the culture.

ix. The CIA confirmed that the Strategic Director of CYPS would be responsible for ensuring implementations of recommendations related to the service. An update would be provided to the Audit Committee later in cycle.

- RESOLVED -**
- (1) That the Audit Committee supports insertion of a Business Continuity element in to job descriptions and PMDS of all service managers and other key staff with Business Continuity responsibilities;**
  - (2) that the Chief Executive be requested to support and communicate recommendation (1) to Managers;**
  - (3) that the Chief Executive support and communicate to Managers the need for a willingness to release staff for emergency volunteering, continuity training and exercises;**
  - (4) that the report be noted and the recommendations supported.**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 9) noting and commenting as appropriate on Grant Thornton's Progress Report for 2011/12.

**RESOLVED - that the Audit Committee note the report.**

**AC  
86.2/12**

**GRANT THORNTON VALUE FOR MONEY FOLLOW-UP OF  
2009/10 RECOMMENDATIONS**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 10) noting and commenting as appropriate on Grant Thornton's report.

The Grant Thornton Representative (GTR) introduced the report, highlighting the following points;

- BCC had experienced significant changes recently, which could have affected the ability to address some of the recommendations.
- The report highlights 27 recommendations and GTR drew the Committee's attention to the first of these, reiterating the importance – *"The Council should introduce formal arrangements to ensure recommendations from external bodies are addressed"*.

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

- i. Cllr Brain expressed concerns over the number of outstanding actions and the GTR re-iterated the need for a process to ensure actions would be dealt with in a timely manner. A six month update to the Audit Committee could trace the profile.
- ii. Independent Member, Ken Guy referred to recommendation 3 in Financial Standing – In Year Reporting (page 42 of the agenda papers), which related to significant movements in the projected year end position. The recommendation remained outstanding and Mr Guy suggested Officers should be required to provide an explanation. Considering the nature of the report, Senior Officers should be attendance.

iii. The GTR confirmed that work on the end of year position overlapped with ongoing financial resilience work and concerns would be fully addressed later in the year. An update would be provided to the Committee early in the summer.

iv. Cllr Emmett suggested that some recommendations have been considered unimportant and ignored by departments. Officers should be required to challenge recommendations should they disagree.

v. The GTR referred to recommendation 2.2, page 39 of the agenda papers which suggested - *“that the SODB is monitoring progress against the savings targets”*. The report suggested that plans should be monitored against delivery and not just the end of year target.

vi. Following concerns related to the specifics of the recommendations, the GTR highlighted that the aim would be to provide guidance; a suggested method for resolving an issue whilst acknowledging that there would be an alternative way of implementing a course of action. Members were asked to highlight any uncertainty in the report.

vii. The Grant Thornton Engagement Lead and the CIA had met to discuss the timeliness of the report. Earlier production would have allowed Officers to be held to account with more progress reports required.

viii. Cllr Emmett referred to the VFM Conclusion, 2009-10, 1. Managing Spending (page 38 of the agenda papers). Service Delivery and spending decisions had been discussed at the Overview and Scrutiny Management (OSM) Committee and Resources Scrutiny Committee (RSC), yet this had remained a concern.

ix. Cllr Brain referred to difficulty around budget papers availability for the RSC – the lateness and format of the information had been frustrating. Following the AGM the RSC would consider ways of improving future delivery of the budget paper work. Cllr Emmett highlighted this had been previously suggested. Cllr Pickup reiterated the difficulty the opposition had in scrutinising the budget due to the lateness of the papers, Officers had re-presented the information following comments. The Members acknowledged that as more budget reductions were made, savings would become even more difficult.

x. The GTR confirmed that the report would be updated on any improvement since publication. The quality of the information in the late reports would also be considered.

xi. In reference to recommendation numbers 21 – 27 (page 55 of the papers) the GTR confirmed that no information could be provided as the report of the Refocusing of property management had not been completed.

**RESOLVED - that the Audit Committee note the report.**

**AC**

**88.2/12**

## **GRANT THORNTON'S AUDIT PLAN 2011/12**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 11) noting and commenting as appropriate on Grant Thornton's Audit Plan for 2011/12.

- The GTR introduced the report, noting that there had been a slight reduction in the external audit fee for 2011/12, this being £450.855.
- The Grant Thornton team were introduced – as detailed on page 72 of the agenda papers. Reference was made to the Accounts Audit – Risk Assessment and the GTR stated that BCC would be encouraged to continue with previous practices.
- The GTR highlighted the key audit risks, including Accounting for Property, Plant and Equipment which would be affected by the new standards for Heritage Assets and large changes could be required; a distinction would be required between assets or investments. The aim would be to add clarity and consistency and further information would be provided to the next Audit Committee meeting.
- Specialists would be used for additional Assurance work (page 68 of the agenda papers). Cllr Emmett referred to a forthcoming report (required by the Localism Act), which addressed concerns over the requirement for a consistent approach to employee benefits, use of vehicles etc. The CIA referred to the Benefits and Expenses Policy.

The Members were invited to ask questions and the following points were highlighted;



- i. In reference to the two reporting criteria:

*“- the Council has proper arrangements in place for securing financial resilience*

*- the Council has proper arrangement for challenging how it secures economy, efficiency and effectiveness”.*

BCC have received a satisfactory conclusion for both the previous year. Consideration would be give to the level of borrowing in respect of decision making and comparisons would be made to similar Councils. Concerns would be reported.

- ii. The Bus Rapid Transit project had not been identified as requiring monitoring, the VFM report would identify concerns.
- iii. Cllr Emmet expressed frustration that New Ways of Working (NWOW) had not been linked to the Medium Term Financial Plan (MTFP), which made savings hard to assess.

**RESOLVED - that the report be noted.**

**AC  
87.2/12**

## **GRANT THORNTON CERTIFICATION WORK REPORT 2010/11**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 12) noting and commenting as appropriate on Grant Thornton’s report.

The GTR introduced the report referring to the results of the Certification work. The number of qualifications had reduced to one and all claims had been certified on time. The report noted that there continued to be scope for BCC to improve the submission of claims and returns within the relevant deadline set by the grant paying body.

The only claim where qualification issues were identified had been in housing and council tax benefit subsidy claim. Further testing allowed GT to conclude that errors were isolated or had not resulted in qualification.

Members were invited to ask questions and the following comments were made;

- i. Compared to other Core Cities, BCC would be described as average. Councils who had been audited by GT had qualifications in Housing and Council Tax. The key element would be the Audit deadline. Amendments could be clawed back and there had been no financial impacts on BCC this year.
- ii. The incorrect application of LHA had been the result of human error and not a systematic failure.

**RESOLVED - that the report be noted.**

**AC  
89.2/12**

### **INTERNAL AUDIT: AUDIT COMMITTEE TRAINING PROGRAMME**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 13) reviewing the proposed training provision and indicating interest.

The CIA introduced the report proposing a training programme for Members with session to take place before the end of September 2012.

The Members agreed that the issues identified as training needs were valid but acknowledged that capacity would always be the challenge. The Members agreed that four training topics should be delivered by the end of September 2012, these being;

- Freedom of Information issues;
- Treasury Management, from the Council's perspective;
- Asset Management, from the Council's perspective;
- Project management – overview of the Council's process.

Audit Committee Members could request any other training as required.

Members from Sustainable Development and Transport and Resources Scrutiny would be invited to attend the training on Asset Management. Training on the Statement of Account would be arranged for September 2012 in line with past practice.

The Chair referred to the KPMG meeting attended, information packs could be supplied on request.

**RESOLVED - (1) that a training session on the four topics highlighted be**

**arranged prior to the end of September 2012;**

- (2) that Members of the Sustainable Transport and Development Committee and the Resources Scrutiny Committee be invited to attend Asset Management training;**
- (3) that training on the Statement of Account be arranged prior to September 2012;**
- (4) that the report be noted.**

**AC  
90.2/12**

### **INTERNAL AUDIT: ANTI-FRAUD, BRIBERY AND CORRUPTION STRATEGY AND POLICY**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 14) reviewing and approving the Anti-Fraud, Bribery and Corruption Strategy and Policy and noting the recommendations for the Annual Governance Statement review process.

The Audit Manager attended the meeting to present the report, strongly endorsed by the Strategic Leadership Team (SLT), on 31<sup>st</sup> January 2012. SLT acknowledged that the public were suffering as a result of the current financial climate but fraud, bribery and corruption were criminal offences - publicity should recognise this current position.

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

- i. Councillor Brain referred to recent bad publicity associated with Single Person Discount (SPD) data matching which had resulted in case work for some Councillors. The CIA confirmed that risk ratings were applied to data matches and some matches were discarded (including care/of addresses). Only genuine cases where a financial footprint suggests anomalies would be perused and residents would be treated sympathetically.

ii. Cllr Emmett suggested that the report should clearly reflect the rationale behind the exercise, i.e. to ensure only eligible residents receive discount. BCC should encourage eligible residents to claim entitled discounts. It was noted that some Local Authorities were reviewing the level of discount, with some considering a reduction or abolition of the discount should the legislation allow. The CIA undertook to clarify what the legislation allowed.

iii. Cllr Emmett reiterated the need for a monetary assessment of the ongoing deterrent work. The CIA referred to the difficulty in quantifying the work.

iv. The Committee agreed that a balanced view would be required and a clear appeals mechanism should be in place for residents affected by the SPD data matching exercises.

**RESOLVED - (1) that the Policy should not discourage genuine claimants;**

**(2) that a clear appeal process be created for residents affected by the outcomes of the data matching exercises;**

**(3) that the report be noted.**

**AC**

**91.2/12**

### **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 item, on the grounds that it involves 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**

**92.2/12**

### **INTERNAL AUDIT: FRAUD UPDATE**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 16) noting the contents of the

report as a source of assurance regarding the counter-fraud work being undertaken by the Council.

The Audit Manager introduced the report and invited the Committee to ask questions;

i. Members agreed that information on the financial benefits of recovery would be useful when discussing the report. The Audit Manager confirmed that the recovery rates for student exemptions had been high and would be backdated when possible.

ii. The CIA referred to the joint working with the Department of Work and Pensions (DWP) and the police in relation to a personal budget case. Concerns about the robustness of procedures had been highlighted and recommendations made.

iii. Blue Badges monitoring had taken place, and it was hoped that electronic monitoring would be introduced. However, blue badges were issued by local authorities nationally so hand held computers with local data would be unable to detect all fraudulent badges.

iv. The Audit Manger referred to the National Strategy and agreed to discuss the fraud loss profile with the Audit network.

v. The CIA noted that the Executive Member, Councillor Hopkins, would be submitting a press release related to the successful identification of fraudulent single person and student discounts claims. The Committee requested that future reports place as much information as possible in open session.

**RESOLVED - (1) that future Fraud Update Reports identify Exempt and non-Exempt material;**

**(2) that the report be noted.**

## **INFORMATION REPORTS**

**AC**

**93.2/12 CORPORATE RISK REGISTER**

The committee considered a report of the Chief Internal Auditor (agenda item no. 17) setting out the Corporate Risk Register.

The CIA agreed that all future Risk Registers would include a grid to identify the numerical value of the Current and Previous Status columns.

- RESOLVED -**
- (1) that future Risk Registers include a grid identifying the numerical values of the Current and Previous Status Columns;**
  - (2) that the report be noted.**

**AC**

**94.2/12**

### **NEIGHBOURHOODS (HRA) RISK REGISTER**

The Committee considered a report of the Landlord Services Director (agenda item no. 18) setting out the neighbourhoods risk register.

- RESOLVED - that the report be noted.**

**AC**

**95.2/12**

### **DATE OF NEXT MEETING**

The CIA agreed to circulate a draft schedule of Audit Committee dates for 2012/13.

- RESOLVED -**
- (1) that a draft schedule of Audit Committee dates for 2012/13 be circulated;**
  - (2) that the next meeting of the Audit Committee be held on 20<sup>th</sup> April 2012 at 2.00 p.m.**

(The meeting ended at 5.00 pm)

CHAIR