

BRISTOL CITY COUNCIL

MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 23rd JANUARY 2013 AT 4.00 P.M  
*(re-scheduled from 18<sup>th</sup> January 2013)*

P	Councillor Weston (in the Chair)		
P	Councillor Brain		
E	Councillor Emmett		
P	Councillor Hammond		
P	Councillor Hassell		
P	Councillor Kiely		
A	Ken Guy	-	Independent Member
P	Brenda McLennan	-	Independent Member

AC

60.1/13

**APOLOGIES FOR ABSENCE, SUBSTITUTIONS AND INTRODUCTIONS**

Apologies for absence were received from Independent Member Ken Guy and Executive Member, Cllr Gollop, Cllr Emmett

Cllr Weston highlighted that the meeting had been re-scheduled because of the adverse weather conditions on Friday, 18<sup>th</sup> January 2013.

AC

61.1/13

**PUBLIC FORUM**

Questions and a Public Forum statement had been received from Councillor David Willingham. The Chair referred to his response, circulated one hour before the meeting start time. Councillor Willingham had raised the concerns about the cost of changing the name of the Council House to City Hall on two previous occasions. Full answers had been provided by the responsible Senior Officers and the Audit Committee would not be requesting any more Officer time be spend considering the questions posed.

AC

62.1/13

**DECLARATIONS OF INTEREST**

None

AC  
63.1/13

## MINUTES – AUDIT COMMITTEE – 9<sup>TH</sup> NOVEMBER 2012

Matters Arising;

- a) Cllr Hassell suggested some typographical changes that the Committee agreed.
- b) Neighbourhoods and City Development Directorate Risk Register
  - i. Cllr Hammond expressed concern that no Executive Member for Children and Young People Services (CYPS) had been appointed. It would be important the Risk Registers were correctly considered and the current Mayor retained a number of Executive responsibilities. Previous Executive Members were experienced and spent considerable time considering the Risk Registers. The Committee agreed that capacity of the Mayor could be a concern and clarity would be required to ensure ownership and leadership of the Risk Registers.

Alison Mullis, Interim Chief Internal Auditor confirmed that the Risk Management Group had acknowledged this risk.

The concerns would be addressed later in meeting.

- ii. The Committee acknowledged that the email alerts related to the weather remained inconsistent. However, Officers had been very busy recently and this would remain on the action list.

**RESOLVED - that the minutes of the meeting of the Audit Committee held on 9<sup>th</sup> November 2012 be confirmed as a correct record and signed by the Chair.**

AC  
64.1/13

## WHIPPING

None

AC  
65.1/13

## CHAIR'S BUSINESS

a) Core Cities Audit Committees Chairs' Group

The Chair updated that the meetings had ceased although this decision would be reviewed in one year. The Committee Members agreed that this was a disappointing decision as the group completed good work. Members agreed that the Audit Committee Chair would write to the Mayor requesting he highlight the Committees concerns to the Core Cities Cabinet Group and requesting the re-formation of the Audit Committees Chairs' Group.

b) Benefit Fraud Letter to Central Government

A draft letter requesting Central Government to review the allocation of money recovered from fraudulent housing benefit payment was circulated for signature. The Core Cities Audit Committees Chairs' Group could not be asked to support due to their disbandment. The Mayor had also agreed to sign the letter.

c) Selection of Independent Members on Audit Committee

The Chair referred to the need for an Independent Member to sit on the Audit Committee who would consider issues related to Standards. Legislation restricted the current Independent Members or the former Standards Committees Members from taking this position.

The Committee agreed that current Independent Members, Ken Guy and Brenda McLennan, would be asked to increase their Membership by one year each and recruitment would take place for an additional Independent Member to address issues related to Standards.

Should Mr Guy wish to cease his Membership on the Audit Committee in 2013, recruitment would take place for a new Audit Committee Independent Member who would fill the dual role of Audit / Standards Independent Member.

The Committee agreed the Membership of the Interview panel; The Chair and Vice-Chair of the Audit Committee, the Head of Legal Service and the Deputy 151 Officer.

The Chair of the Audit Committee would attend a recruitment training course.

d) Budget Proposals

The Chair confirmed the Audit Committee had not been specifically invited to make observations on the proposed budget reductions for Internal Audit. This would be discussed later in the meeting.

**AC**

**66.1/13**

### **ACTION SHEET**

#### 51.11/12 Code of Conduct for Members and Officers – Planning Matters

The action sheet should be amended to read that alteration to the Code would be fed back to the Development Control Committees (and not Planning Committee as stated).

**RESOLVED - that the action sheet updated from the previous meeting be agreed (as amended).**

**AC**

**67.1/13**

### **WORK PROGRAMME**

The Chair confirmed he had met with Audit Officers to discuss the Work Programme. It was agreed that no additional meeting in March would be required.

Cllr Brain raised a concern related to the failure of the school website created to inform the public about school closures during adverse weather. James Gillman, Deputy Civil Protection Manager confirmed that the issue with the external site had been resolved and it was hopeful that this would not recur.

The Chair would write to Michael Branaghan, Strategy Leader - Capital, Assets & School Organisation to highlight the concern. Following receipt of a response the Audit Committee would consider adding the concern to the work programme.

**RESOLVED - (1) that the Audit Committee Chair write to Michael Branaghan, Strategy Leader - Capital, Assets & School Organisation to express concerns related to the failure of the external website providing information on schools closures during the adverse weather conditions;**

**(2) that the Audit Committee Work Programme be noted.**

**AC  
66.1/13 MEMBERS' CONDUCT**

None

**AC  
67.1/13 BUSINESS CONTINUITY ANNUAL REPORT**

The Committee considered a report of the Service Director, Safer Bristol (agenda item no. 10) updating on Business Continuity progress since January 2012.

James Gillman, Deputy Civil Protection Manager, presented the report and referred to Audit Committee letter sent to the Chief Executive (as described in the agenda papers);

- Departments had improved and plans were being tested. A good incidence response culture had been demonstrated in many areas but this was not uniform across the Authority and more improvements were required. Service Directors were advised that Officer time must be allocated to complete the work required.
- Discussions had taken place at Strategic Leadership Team (SLT) meetings. There would always be a tension between big change programmes and business continuity. The issue remains on the Directorates Risk Registers and work would continue with system architects to look at key issues.
- The main report provided information on Fuel Shortages, Flooding and Exercise Laveer.

The following comments were made;

- i. JG confirmed that Business Continuity Contracts for large providers included provisions related to fuel, for example, the Waste Contractor would be required to store ten days worth of the fuel in case of a shortage. BCC acknowledged and understood the tax implications of supplying staff with fuel for personal cars. BCC retained a list of priorities and were clear about activities. The length of time a shortage would last for would be a major concern. BCC would attempt to

retain reserves and activities would be prioritised through a panel of Service Directors.

- ii. Bristol had not been affected by recent floods due to the location of the rain fall, but the risk remained high and lessons would be learnt from neighbouring Authorities and other Core Cities.

BCC Officers and the Environment agenda would jointly be responsible for the monitoring of areas in Bristol; increased flexibility and responsiveness would be preferable.

- iii. The final report related to exercise Laveer would be approved by the Corporate Civic Contingency Group and circulated to the Audit Committee.
- iv. Reference was made the logistical challenges of data collection from outside agencies, i.e. the Police and Fire Service. Cllr Hassell highlighted that Councillors were Members of the Fire Authority Committee and concerns could be highlighted through this forum.
- v. Changes in the climate would increase the risk of adverse weather conditions, i.e. flooding / snow. More investment could be needed to ensure Bristol was prepared.
- vi. Cllr Hammond noted concerns that only 42% of Critical Service Managers included business continuity related element within their PMDS. JG confirmed that some directorates responded better than others. The Corporate Civil Contingency Group continued to monitor.
- vii. The Police would normally lead the multi-agency response and BCC would participate in a wide range of exercises and produce a Corporate Risk Register. Plans would be created jointly to prepare for risks both internally (keeping services running) and externally (supporting external agencies).
- viii. JG confirmed that the position of the GIS Officer had been advantageous to BCC. The Officer was able to analyse incidents very quickly, looking at the area in great detail and making decisions based on much more information that would have otherwise been available. BCC were the envy of other Core Cities and considered the market leader. The removal of the position would impact on the Council's ability

to respond to emergencies and the Corporate GIS team would be required to change the way they work.

The Committee requested that an update report be provided to the Committee in the summer and to include progress regarding the inclusion of business continuity elements in PMDS and the impact of losing the GIS Officer.

**RESOLVED - (1) that an updated Business Continuity Annual Report be presented to the Audit Committee in six months;**

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

**AC**

**68.1/13**

## **CORPORATE SERVICES DIRECTORATE RISK REGISTER**

The Committee considered a report of the Interim Strategic Director, Corporate Services (agenda item no. 11) reviewing and commenting upon the Corporate Services Directorate risk register.

The Committee agreed that all future risk registers should be printed in colour.

Peter Robinson (PR), Service Director –Finance introduced the report setting out the changes and risks in the Corporate Services Risk Register. The Committee were invited to ask questions and the following comments were made;

- i. Councillor Hassell queried why the housing benefit risk had been removed when the Grant Thornton (GT), External Auditor, report had highlighted Housing Benefit as an at risk area. PR highlighted that work progress had reduced the risks in this area. However, this could be added back on the risk register at the request of the Audit Committee.
- ii. BCC would not liaise with GT when removing risks but the Benefits Service Manager would be in contact throughout the discussions.
- iii. Cllr Kiely noted that the risk register report referred to the last time period and significant changes had taken place since; i.e. the election the Mayor and an increased number of proposed redundancies as a result of the budget proposals.

PR highlighted that the bulk of the risks remained unchanged but the change in emphasis was reflected in the main risk register. The budget reductions were expected due to the challenging times faced by Local Authorities. Predictions suggested that less than 100 compulsory redundancies would be required and this was significantly fewer than other Authorities. Work would continue with Unions and the new risk registers would reflect the concerns discussed.

- iv. The Chair re-iterated earlier capacity concerns related the work portfolio of the Mayor. Officers confirmed that the Mayor remained responsible for the majority of decisions, with Cabinet Members providing advice.
- v. PR confirmed that Governance would be a priority and Officers would be responsible for ensuring that decision making took account of professional advice.
- vi. The Committee requested that future risk registers should name the position of the Officer responsible and should not state the name of the person.
- vii. The Chair summarised the discussion;
  - Housing Benefit would remain on the Risk Register at a lower risk rating;
  - The Audit Committee would monitor industrial relations; risks could increase due to the proposed redundancies.

- RESOLVED -**
- (1) that the Audit Committee acknowledge the reduced risk of CSS Housing Benefit but request it remains on the Corporate Services Directorate Risk Register;**
  - (2) that Audit Committee acknowledge concerns and would continue to monitor the risks in relation to Industrial Relations;**
  - (3) that the Audit Committee note the Corporate Services Directorate Risk Register.**



## 69.1/13 CORPORATE RISK REGISTER

The Committee considered a report of the Interim Strategic Director, Corporate Services (agenda item no. 12) reviewing and commenting upon the Corporate Risk Register.

PR introduced the report and the following areas were highlighted;

- The Health and Social Care (H&SC) overspend had remained in the Corporate Risk Register for a number of years. The Directorate had spent within budget in recent years and the risk had reduced from Council wide to Directorate only.
- Many changes had taken place within Senior Management; The Capacity of Senior Management was assessed as a high risk area.

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

- i. The Committee requested that the Summary Headers be listed in the same order as the risk register.
- ii. The Chair reiterated the concerns related to the political capacity and accountability of the Mayor due to his current work portfolio. A letter would be sent to the Mayor to highlight these concerns.
- iii. PR referred to the role of the Chief Operating Officer who would be the Head of Paid Service, responsible for operations. The Mayor would provide a profile for Bristol, leading on joint working.
- iv. Cllr Hammond highlighted that questions remained unanswered about political and management leadership. Members should be assured that risk registers would be considered thoroughly. Key decisions would require formal delegation, with other decisions taken by delegated Officers and the Mayor.

**RESOLVED - (1) that the Audit Committee write to the Mayor and request urgent confirmation that the Councils Risk Registers would be reviewed robustly under the current**

**managerial and political  
arrangements;**

- (2) that the Audit Committee note the  
Corporate Risk Register.**

**AC  
70.1/13**

**GRANT THORNTON'S PROGRESS REPORT FOR 2012/13|**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 13) noting and commenting on Grant Thornton's progress report for 2012/13.

Gail Turner (GT) was in attendance to present the Grant Thornton report, which reflected the annual timetable for external audit. Grant Thornton would complete interim work and present the Audit Plan with the Committee in April 2013. Work would take place to assess the political risks moving forward.

**RESOLVED - that the Audit Committee note the Grant  
Thornton Progress Report for 2012-13.**

**AC  
71.1/13**

**GRANT THORNTON CERTIFICATION WORK REPORT 2011/12**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 14) noting and commenting on Grant Thornton's report.

Gail Turner was in attendance to present the Grant Thornton report which detailed the Approach and Context to Certification, as well as providing the Certification Fees, Details of Claims and Returns Certified for 2011-12 and the Action Plan with two recommendations (page 123 of the agenda papers).

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

- i. GT confirmed an error in paragraph 2.9 and 2.10 (page 119 of the agenda papers). The information should state that additional identified further errors.
- ii. Cllr Hammond noted that the Grant Thornton reports created in colour but produced in black and white, replicated poorly and were challenging to read.

- ii. PR highlighted that the temporary staff employed were often specialists who had experience in specific areas.

**RESOLVED - that the Audit Committee note the Grant Thornton Certification Work Report 2011-12.**

**AC  
72.1/13**

## **TENANCY FRAUD INITIATIVE**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 15) noting the progress being made in this area and adopting the Tenancy Fraud Policy Statement.

Alison Mullis (AM), Chief Internal Auditor presented the report.

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

- i. AM confirmed that due to the capacity of Internal Audit, the Fraud Hot line had not recently been advertised. Information would be circulated to residents in the future, i.e. through community newsletters. Cllr Brain suggested a phased approach, which would assist in controlling the work load.
- ii. Cllr Kiely requested more detailed financial information in the future so the Committee could assess the financial savings compared to the money invested. The Committee acknowledged the difficulty in measuring the deterrent effect of fraud work.

AM confirmed that work had been done to ask some non-Council staff to check that the named resident resided at a property.

- iii. Cllr Brain suggested the use of external contractors who visit Council properties should be explored to assist with the identification of tenancy fraud and encouraged to report any concerns. Cllr Brain suggested incentives could be introduced for contractors to do so.
- iv. AM confirmed that pro-active work would be ongoing with social landlords via the Bristol Housing Partnership, i.e. Data sharing systems.

**RESOLVED - that progress being made in this area be noted and the Tenancy Fraud Policy Statement is adopted.**

**AC  
73.1/13**

## **FRAUD UPDATE**

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

The Chair highlighted that the appendices were deemed exempt as they provided information, which could leave the Council vulnerable to attack of fraud.

AM presented the reports, providing details of both proactive and reactive work on fraud.

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

- i. GT highlighted that Grant Thornton would be working with the Chair and the Section 151 Officer to consider fraud levels in the Authority.
- ii. AM confirmed that BCC would make provisions for proactive fraud work required as well as a contingency provision for responsive work as required. The Audit Team currently have approximately 20 full time equivalent staff and work with staff from other departments to ensure work is completed. EG Local Taxation staff do considerable work on single persons discount claims.
- iii. The top ten highest fraud risks facing the Council have been identified and work is being planned to ensure an effective and proactive response is in place for each one. Procurement is the highest risk and highest priority area for action. Councillors could refer items of concern to Internal Audit – these would also be treated as confidential.
- iv. Cllr Hammond referred to the budget proposals, which included a reduction in the budget for Internal Audit. Members agreed this as an area of concern and suggested that the Audit Committee should have been formally asked to comment as part of the budget consultation process.

- v. PR confirmed that Members' concerns had been raised at the Resources Scrutiny Committee. Officers advised that work could currently continue at the same standard but further reductions would be detrimental and self-defeating, i.e. more money could be lost than saved. The proposed budget reduction would equate to approximately 5 Officers from Internal Audit; a reduction of 25% over two years.

The Chair requested that minutes reflected the Audit Committee's unanimous concern that continual financial reductions in the Internal Audit Service would severely hamper the Council's ability to combat fraud; leaving BCC exposed to an increased risk of fraud.

The Chair would urgently write to the Mayor to highlight these concerns.

- RESOLVED -**
- (1) that the Audit Committee unanimously agree to note concerns related to future budget reductions in Internal Audit and the impact of this on the Authority's ability to combat fraud;**
  - (2) that a letter be written to the Mayor asking for consideration of the Audit Committee concerns in relation to resolution (1);**
  - (3) that the Audit Committee note the Fraud Update Report.**

**AC**

**74.1/13**

## **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**

**75.1/13 FRAUD UPDATE – APPENDICES**

(Exempt paragraph 7 – Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime)

The committee considered the exempt appendices to the Fraud Update report (agenda item no. 18).

**RETURN TO OPEN SESSION**

**INFORMATION ITEMS**

**AC**

**76.1/13 INTERNAL INSPECTIONS AND REVIEWS, OCTOBER 2011 TO SEPTEMBER 2012**

The Committee considered a report of the Service Director, Finance (agenda item no. 19) summarising the findings of external inspections/reviews of council services undertaken October 2011 – September 2012 and subsequent progress against action plans.

The Chair requested that questions on the information item be submitted via email.

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

**AC**

**77.1/13 DATE OF NEXT MEETING**

**RESOLVED - that the next meeting of the Audit Committee be held on Friday 19<sup>th</sup> April 2013.**

(The meeting ended at 7.15 pm)

CHAIR