

Bristol City Council

Minutes of the Meeting of the Audit Committee

23rd September 2014 at 6.00 pm

Present:

Councillors Lesley Alexander, Charlie Bolton, Mark Brain, Phil Hanby, Barbara Janke and Olly Mead;

Independent Member – Brenda McLennan

Also in attendance:

Councillor Geoff Gollop - Assistant Mayor, Peter Gillett - Service Director, Finance and S 151 Officer, Robert Woollatt - Service Manager, Finance , Tony Whitlock – Principal Accountant, Alison Mullis - Chief Internal Auditor, Garfield Horner - Customer Relations Manager; Barrie Morris and Ginette Beal – Grant Thornton

30. Apologies for Absence and Substitutions (Agenda Item No. 1)

Apologies were received from Councillor Jason Budd, Ken Guy and Christopher Eskill – Independent Standards Member;

31. Declarations of Interest (Agenda Item No. 2)

Referring to Agenda Item No. 13, Councillor Bolton stated that he works for Life Cycle, who will be applying for funding from Green Capital.

Councillor Brain stated that he is a Trustee of Hawkspring.

32. Minutes of the Audit Committee held on the 11th July 2014 (Agenda Item No. 3)

Matters Arising

The Chair reminded Officers that a request for details of the full costs relating to ABW made at a previous Meeting was still outstanding.

Resolved - that the Minutes be agreed as a correct record of the Meeting and signed by the Chair.

33. Public Forum (Agenda Item No. 4)

Nothing was received.

34. Action Sheet (Agenda Item No. 5)

Noted.

35. Work Programme (Agenda Item No. 6)

Noted.

36. Members Conduct – Standard Item (Agenda Item No. 6)

There was no report under this item.

37. Summary of Local Government Ombudsman (LGO) Cases where the Outcome was upheld and fault was found (Agenda Item No. 7)

The Committee considered the above report.

The Customer Relations Manager introduced the report and summarised it for everyone. He explained the LGO had been restructured and now provided a lot less information than previously - only the spreadsheet attached to the report. BCC have only been able to identify 15 of the 24 cases stated by the LGO.

During the debate and questioning Members expressed concerns about the lack of information forthcoming from the LGO and it was agreed that the Chair requests the Mayor to write to the LGA concerning the lack of information now being provided by the LGO.

Concerns about the administration of the Housing Benefits System and the delays in processing applications were expressed. It was also noted that a number of the upheld complaints related to Planning even though complaints about Planning make up only 5 to 10% of total complaints. It was therefore suggested that the administration of the Housing Benefits System and the Planning process could be considered by the Audit Committee at future Meeting(s).

Resolved - (1) that the report be noted; and

(2) that the Chair requests the Mayor to write to the LGA concerning the lack of information now being provided by the LGO to Local Authorities in relation to the outcome of upheld cases and fault was found.

38. Grant Thornton's Annual Report to those charged with Governance 2013-14 - ISA 260 Report (Agenda Item No. 11) **and Value for Money Conclusion** (Agenda Item No. 12)

The Committee considered the above report.

The Barrie Morris introduced the reports and summarised them for everyone. He referred to page 179 and confirmed that their work has now been finalised and that the Audit is now therefore complete. He summarised areas of concern including the revaluation of property, plant and equipment, and information provided to HMRC. Referring to page 199, he also stated that the Actual fee of £270,513 was incorrect and should include the additional fee of £1,070 for Business Rates Certification making the correct figure £271,583.

The Service Director, Finance and S 151 Officer outlined the measures being put in place to address the concerns raised by Grant Thornton - staff are being appointed to vacant posts which will improve resilience; Property Services are addressing the issue of including the revaluation of property, plant and equipment; as part of the upgrade of ABW a new Payroll/HR software will be installed which will address the HMRC issue.

Referring to page 190, it was noted the £400,000 cleared from the HRA relates to the complexity of the old system. It was confirmed that the HRA does not affect the Council Tax or the Council's Revenue Account. There are no concerns about the money leaving the Authority. It was also noted that previously a lot of information was kept on spreadsheets by Officers, but this is no longer the case.

In response to a question from Councillor Janke concerning monitoring of the Change Programme, Councillor Gollop explained that there are reports going to Cabinet on a 6 monthly basis the next being on 7th October 2014; the Business Change and Resources Scrutiny Commission is also receiving reports and monitoring the Change Programme. The Service Director, Finance and S 151 Officer added that there are regular meetings of SLT to monitor the Change Programme and there is a lot of challenge and rigour. Staff restructuring has formed a key part of the savings for 2014/15.

Resolved - (1) that Grant Thornton's Annual Report to those charged with Governance for 2013-14 and the action plan agreed by management be noted;

(2) that it be confirmed that they are satisfied that the unadjusted misstatements included in the report do not require processing by management;

(3) that the Letter of Representation for 2013-14 to Grant Thornton be signed; and

(4) that the Grant Thornton's value for money reports for 2013-14 be noted.

39. Statement of Accounts (Agenda Item No. 9)

The Service Director, Finance and S 151 Officer introduced the report and summarised it for everyone.

It was moved, seconded and

Resolved (unanimously) - that the Statement of Accounts for the year ended 31st March 2014 be approved.

40. Treasury Management Quarter 1 (Agenda Item No. 10)

The Service Director, Finance and S 151 Officer introduced the report and summarised it for everyone. He suggested that a Training Session on Treasury Management be arranged and this was agreed. It was also agreed that Members of the Business Change and Resources Scrutiny Commission and any other interested Members be invited to the Training.

In response to a question about borrowing, The Service Director, Finance and S 151 Officer confirmed that as part of the Treasury Management Strategy mechanisms and controls are in place to protect the Council's interests. Members were also reminded that the Audit Committee has the responsibility for the scrutiny of the Treasury Management Strategy and activity.

Resolved - (1) that the contents of the report be noted;

(2) that the changes to the Capital Programme detailed at paragraph 17 be noted; and

(3) that a Training Session on Treasury Management be arranged to which Members of the Audit Committee, the Business Change and Resources Scrutiny Commission and any other interested Members be invited.

41. Internal Audit Periodic Report (Agenda Item No. 8)

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

In response to a question concerning irregularities in schools, the Chief Internal Auditor explained the advice provided to schools to help them with fraud prevention.

The Chair raised the issue of the Markets Operation and it was agreed that a report on its financial position be presented to the Audit Committee at a future Meeting.

Resolved - (1) that the update on the details of Internal Audit work for the period of 1st April to 31st July 2014 be noted; and

(2) that a presentation is to be made to a future Committee meeting to update members on the Markets Service financial position.

42. Bristol European Green Capital 2015 Governance (Agenda Item No. 13)

The Service Director, Finance and S 151 Officer introduced the report and summarised it for everyone.

A great number of concerns and comments were expressed about the report and the governance arrangements including:

- Rumours and stories that are circulating about the company and the governance arrangements
- The publishing and auditing arrangements of the accounts
- The late briefings for Councillors on grants
- Schools have not been contacted at all
- Possible conflicts of interests for people sitting on bodies awarding grants
- The Council's responsibilities

Members made it clear that they were not happy with the report and that their priority is to ensure that financial problems do not occur. They therefore require that robust and transparent governance arrangements, and financial controls are put in place before spending starts. They expect the report to be received at their Meeting on 7th November 2014 to contain details of such governance arrangements and financial controls.

It was suggested that the Chair writes to the Mayor and City Director privately expressing the concerns of the Audit Committee, and that if acceptable governance arrangements and financial controls are not established by the next Meeting on 7th November 2014 the matter be brought to the attention of the Cabinet in public. This was agreed.

It was therefore

Resolved - (1) that the Audit Committee does not note the governance arrangements in place regarding European Green Capital 2015 as these arrangements are not acceptable;

(2) that a report to be received by the Audit Committee at their Meeting on

7th November 2014 which contains details of governance arrangements and financial controls which are robust and transparent as the Committee requires assurance on these arrangements before the major government grant spending is undertaken; and

(3) that the Chair is to consider writing to the Mayor and City Director expressing the concerns of the Audit Committee about the governance arrangements and financial controls at Bristol 2015 Ltd, and that if acceptable governance arrangements and financial controls are not established by the next Meeting on 7th November 2014 the matter be brought to the attention of the Cabinet in public by means of a statement to Cabinet.

Information Items

43. Final Draft of Annual Governance statement and Updated Code of Corporate Governance (Agenda Item No. 14)

Resolved - that the report be noted

44. Treasury Management 2013/14 Annual Report

It was noted that this report would form part of the Treasury Management Training.

Resolved - (1) that the Treasury Management Annual report for 2013-14 be noted;

(2) that it be noted that Council has nominated the Audit Committee to be responsible for scrutiny of Treasury Management Strategy and activity.

The meeting ended at 8.00 pm.

Chair