

Agenda Item No. 3

Bristol City Council

Minutes of the Meeting of the Audit Committee

7th November 2014 at 9.30 am

Present:

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

Independent Member – Ken Guy and Brenda McLennan

Also in attendance:

Councillor Geoff Gollop - Assistant Deputy Mayor, Councillor Simon Cook – Assistant Mayor, Peter Gillett - Service Director, Finance and S 151 Officer, Robert Woollatt - Service Manager, Finance , Melanie Henchy-McCarthy - Chief Internal Auditor, Stephen Hilton – Service Director, Bristol Futures, Alison Comley – Strategic Director, Neighbourhoods, Steven Pendleton - Service Manager Commissioning and Supplier Relationship Manager, Bernadette Keen – Information Security Manager, Ginette Beal and David Johnson – Grant Thornton, Emma Lloyd – Bristol 2015

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

Apologies were received from Barrie Morris - Grant Thornton and Christopher Eskill – Independent Standards Member;

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

With reference to Agenda Item No. 8, Councillor Bolton stated that he works for a Cycling Charity and his partner is Chair of the Food Action Group.

47. Minutes of the Audit Committee held on the 23rd September 2014 (Agenda Item No. 3)

Matters Arising

Referring to Minute No. 37 (2), the Chair confirmed that he would be writing to the LGO.

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

48. Public Forum (Agenda Item No. 4)

A number of questions were received relating to Agenda Item No. 8 - Green Capital and a copy of the questions and answers is contained in the Minute Book.

49. Action Sheet (Agenda Item No. 5)

Noted.

50. Work Programme (Agenda Item No. 6)

The Chief Internal Auditor advised the Committee that the two items on Governance scheduled to be considered at the Meeting in January would be considered at the Meeting in March.

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

There was no report under this item.

52. Update on Information Security (Agenda Item No. 7)

The Committee considered the above report.

The Information Security Manager introduced the report and summarised it for everyone.

Resolved - that the report be noted.

53. Bristol 2015 Ltd – Governance and Financial Update (Agenda Item No. 8)

The Committee considered the above report.

The Service Director, Bristol Futures introduced the report and the Service Director, Finance summarised it for everyone.

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

- The Committee will receive finance monitoring reports; the Place Scrutiny Commission will be scrutinising the programme; the Cabinet will receive reports on the Grant Spending; the Mayor is on the Green Capital Board; there is also a Grants Scheme being administered by the Neighbourhood Partnerships
- OSMB will scrutinise the overall project and spending
- Grant Thornton will advise on governance arrangements; it is important that the

governance arrangements are open and clear

- Most of the funding to date has been to set up the team and establish the company – paragraphs 3.8 and 3.9 of the report refers
- Setting up summits and conferences will be expensive as they will be large international events sharing knowledge and vision across Europe; they will be organised by external organisations
- Community Grant Funding is additional funding beyond initial funding for specific needs; Strategic Grant Applications have been received and are being assessed
- A Schools Co-ordinator is being appointed and there is a Youth Summit in April 2015
- Value in kind in paragraph 3.1 of the report refers to project management and other professional support
- The fund raising has been successful and there is now a need to develop a programme
- A report on what has gone well and what has not gone well is to be prepared

Resolved - (1) that the current governance arrangements in place in relation to Bristol 2015 Ltd and the financial update on grant funding and external sponsorship be noted; and

(2) that a report on what has gone well and what has not gone well is to be prepared.

54. Grant Thornton's Annual Audit Letter (Agenda Item No. 9)

Ginette Beal and David Johnson introduced the report and summarised it for everyone.

The Service Director, Finance summarised the measures taken to address the issues raised by Grant Thornton.

It was noted that the savings being made are detailed in the Quarterly Monitor. The Cabinet receives six monthly reports on the Single Business Change Programme and the Chair of the Business Change Scrutiny Commission has asked to be kept informed.

Resolved – that the Grant Thornton's Annual Audit Letter for 2013/14 be noted.

55. Treasury Management Mid-Year Report 2014/15 (Agenda Item No. 10)

The Service Director, Finance and the Service Manager, Finance introduced the report and summarised it for everyone. It was noted that Training would take place on 16th January 2015.

It was confirmed that the Council is interested in the Municipal Bonds Agency and have had a meeting with the LGA.

Referring to paragraph 11 of the report it was confirmed that the £160m has not been borrowed.

Referring to paragraph 15 of the report it was confirmed the relatively low rate of return for investments is because of the Council's Policy and appetite for risk in relation to Treasury Management risks. The primary consideration in investing surplus monies is security of capital followed by liquidity before considering optimising investment return.

Referring to paragraph 34 of the report it was confirmed that the amount of £745m is capital finance for assets not the amount borrowed. The total amount that can be borrowed (the Authorised Limit) is £780m as stated in paragraph 49.

A copy of the Council's Ethical Investment will be circulated.

Resolved - that the Audit Committee recommends the following to full Council:

- 1. That the Mid-Year Treasury Management report for 2014/15 is noted.**
- 2. To approve changes to the credit methodology (see paragraphs 25 – 33) whereby viability, financial strength and support ratings will not be considered as key criteria in the choice of creditworthy investment counterparties.**

56. Annual Report – Risk Management (Agenda Item No. 11)

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

She advised that the Risk Registers go to Scrutiny to provide an element of challenge.

She stated that everything should be risk assessed, A Committee must have all the relevant information to make a decision.

Resolved - (1) that the progress and areas for future development regarding

risk management arrangements in the City Council be noted; and

(2) that the revised Risk Management Policy be approved.

57. Benefit Fraud Investigation Team Half Yearly Report 2014-15 (Agenda Item No. 12)

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

A final report on Welfare Benefit Fraud will be presented to the Meeting of the Committee in April 2015.

Resolved – that the report be noted.

The meeting ended at 11.30 am.

Chair