

## **DISCLAIMER**

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### **Agenda Item No.**

**Bristol City Council  
Minutes of the Audit Committee meeting  
26<sup>th</sup> June 2015 at 9.30 am**

#### **Present:**

Councillors Lesley Alexander, Mark Brain (Chair) Olly Mead, Eileen Means, Gary Hopkins;  
Independent Members – Ken Guy (Vice-Chair) and Brenda McLennan.

Also in attendance:

Alison Mullis and Melanie Henchy-McCarthy - Chief Internal Auditors, Karen Rollinson Finance Team Manager, Barrie Morris Grant Thornton.

#### **1. Election of Chair**

Councillor Mark Brain was elected Chair for the 2015/16 municipal year

#### **2. Election of Vice-Chair**

Ken Guy was elected Vice-Chair for the 2015/16 municipal year.

#### **3. Apologies for absence and substitutions**

Apologies were received from Councillor Jerome Thomas, Julie Masci (Grant Thornton), Max Wide Strategic Director (Business Change) and Peter Gillett Service Director (Finance).

#### **4. Membership of the Committee**

Membership of the Committee was noted as follows:

Labour Members	Liberal Democrat Member	Conservative Member	Green Member	Independent Members
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Mark Brain Eileen Means Olly Mead	Gary Hopkins	Lesley Alexander	Jerome Thomas	Ken Guy Brenda McLennan
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## **5. Terms of reference**

The Terms of Reference were noted

## **6. Dates and times of meetings 2015/16**

The following dates and times were agreed:

2015	2016
10 July @ 9.30 am	29 January @ 9.30 am
25 September @ 9.30 am	11 March @ 9.30 am
27 November @ 9.30 am	29 April @ 9.30 am

## **7. Public forum**

None received.

## **8. Declarations of interest**

None were declared.

## **9. Minutes of the Audit Committee held on the 24 April 2015**

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

### Matter(s) arising

Green Capital ongoing audit (Min No. 87) – report to be brought to 10 July meeting;  
Markets financial update concern about debt (Min No. 87) - verbal briefing to 10 July meeting;  
Markets Charter (Min No. 88) –verbal briefing to 10 July meeting.

## **10. Action sheet**

Actions were updated. (A copy of the Action sheet is held on the Minute Book).

*Action (Minute 88) – Internal Auditor confirmed there were no plans to re-align the market service. Service Director (Finance) to report back at the next meeting 10 July;*

## **11. Whipping**

None.

## **12. Work Programme**

The Chief Internal Auditor introduced the report highlighting that the format had been changed to provide greater transparency and would show if a report had been deferred or not submitted and enable relevant comments to be made.

The Committee was also advised that training for all members would be provided by the external auditor at the next meeting on 10 July for approximately one hour prior to consideration of the formal agenda item business.

**Resolved – that the Work Programme be noted.**

## **13. Grant Thornton – 2014-15 progress report**

The Committee received a progress report from Grant Thornton in respect of their 2014/15 audit including the planned work for financial statements audit and value for money conclusion work. The report also provided additional information on sector developments and accounting 'hot topics' that the Council would need to consider as part of the preparation for its 2014-15 financial statements.

The Committee debated the item and arising from the discussion the following points were raised/clarified -

- Concern was expressed that the Progress report was not bespoke enough to Bristol City Council issues and contained material of a more generic nature eg, there were key risks for the City that were not 'flagged up' such as the Welfare Reform Review in relation to the Council's substantial property portfolio and its role as a major landlord. The external auditor clarified that the report was generic as a wide range of key issues and other organisations were served by this process. Local issues could be expanded upon but pointed out that this was not part of the Standard External Audit process and would lead to higher costs. The alternative would be for Audit Committee members to challenge City Council officers more;
- In respect of the Metrobus scheme the Internal Auditor confirmed that details

of this would be included in the Corporate Risk Register by the end of August and the Committee would be able consider it at its 25 September meeting;

- With regard to setting up a Local Authority Trading Company there was a clear need to examine this closely as, if not implemented correctly, there would be a high financial risk to the Council;
- There was a real need for the Committee to identify and raise concerns early to allow council officers enough time to investigate potential risks, raised by members, adequately;
- It was also important for committee members to pay particular attention to the Work Plan and Internal Audit Plan to identify any shortfalls and avoid repetition of reports. Equally risks identified on the Corporate Risk Register needed to be understood and looked at expeditiously to avoid a potentially serious situation from arising;
- The role of scrutiny commission was recognised as being an important part of the process and the Independent members in particular requested that they be kept informed about scrutiny agenda items to enable a more cohesive approach to risk mitigation;
- Members felt that the Metrobus scheme was a potentially major risk area and asked to be kept specifically informed of progress. Finance undertook to circulate a briefing paper at the end of August for possible formal consideration by the Committee at its 25 September meeting. The paper to include information on risk of potential financial loss, value for money and an assessment of how the scheme would work in practice.

**Resolved – that the Grant Thornton 2014-15 progress report be noted and that a briefing paper be circulated about the Metrobus scheme at the end of August for possible formal consideration by the Committee at its 25 September meeting.**

#### **14. Internal Audit Plan 2015/16**

The Committee considered a report of the Internal Auditor seeking approval for the Audit Plan 2015/16 and re-approval the Audit Charter, Strategy and Terms of Reference following its recent update.

Arising from a question the Internal Auditor explained that the Audit Plan was reviewed and tracked by interim reporting and/or specific follow up work. A summary of findings was not specifically reported in detail to the Audit Committee but conclusions were and these could be seen by monitoring whether an improvement had been made or not. In addition a further report could be brought to the Committee if requested by members or if felt appropriate by officers, although input by the

Strategic Leadership Team (SLT) usually negated the need for this. In relation to this the Internal Auditor confirmed that a briefing paper on Procurement Regulation Waivers would be brought to the Audit Committee for information.

**Resolved – (i) that the Internal Audit Plan 2015/16 be approved;**

**(ii) that the Audit Charter, Strategy and Terms of Reference be re-approved.**

#### **15. Benefit Fraud Investigation annual report 2014-15**

The Committee received a report of the Internal Auditor regarding the work of the Council's dedicated Benefit Fraud Investigation Team in relation to their performance during their last year and with regard to the new arrangements with the Department for Work and Pensions Single Fraud Investigation Service (SFIS).

The Chair on behalf of the Committee thanked officers for their work during the departmental restructuring process. Arising from this the Internal Auditor explained that two members of the Benefit Fraud Investigation Team had agreed to stay with Internal Audit, thereby providing an element of continuity and retention of expertise which will aid the team's continued responsibility for fraud prevention/investigation including Council Tax reduction fraud. Retention of these posts would be cost neutral.

The changes to the team structure might lead to difficulties when presenting information to the Committee in terms of comparability between previous and current working systems. Monitoring outcomes would be accomplished by monitoring the number of prosecutions however it was recognised that due to some priorities being removed, making comparisons would be less clear. It was hoped that this could be remedied by members of the Audit Committee requesting further information as and when necessary. The Committee noted that the work capacity covered was across the whole Council and was not related to a specific directorate.

**Resolved – (i) that the Annual report be accepted;**

**(ii) that arrangements for investigation of benefits fraud and council tax reduction going forward be noted.**

#### **16. Members Standard items**

No items were considered.

**17. Information item(s)**

CIPFA Audit Committee update was noted for information.

The meeting ended at 11.10 am.

Chair