

**Bristol City Council
Minutes of the Audit Committee meeting
27th November 2015 at 9.30 am**

Present:

Councillors - Lesley Alexander, Mark Brain (Chair), Olly Mead, Eileen Means, Gary Hopkins, Jerome Thomas
Independent Member(s) – Brenda McLennan

Key officers/others in attendance:

Councillor Gollop - Deputy Mayor, Alison Mullis/Melanie Henchy-McCarthy - Chief Internal Auditors, Tony Whitlock-Principal Accountant, Barrie Morris/Julie Masci - Grant Thornton, Greg Rubins BDO Accountants.

1. Apologies for absence and substitutions

Apology for absence was received from Ken Guy (Independent Member).

2. Public forum

None received.

3. Declarations of interest

None were declared.

4. Minutes of the Audit Committee held on the 28 September 2015

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

5. Action sheet

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

6. Whipping

None.

7. Work Programme

The Committee agreed to update the Work Programme with regard to items 'Whistleblowing Policy' and 'Transparency in Decision Making and that they be considered by the Audit Committee at its 29 April, 2016 meeting.

Resolved – that, subject to the update, the Work Programme be noted.

8. Grant Thornton's Annual Audit Letter

The Audit Committee considered a report (agenda item 8) of the Service Director (Finance) regarding Grant Thornton's Annual Audit Letter which summarised the key issues arising from the work carried out at Bristol City Council during the 2014-15 audit.

The Committee noted that -

(i) A final report would be submitted to the next meeting of the Audit Committee after work in respect of Grant certification, relating to Housing Benefit Claims, was completed;

(ii) Work in relation to the Council's waste contract had been satisfactorily completed.

Resolved - that Grant Thornton's Annual Letter be noted.

9. Treasury Management mid-year report

The Audit Committee considered a report of the Service Director (Finance) (agenda item 9) about the Treasury Management regulatory requirement that the Council receive a mid-year treasury review report which included information about the Prudential Code to ensure adequate monitoring of capital expenditure plans and the Council's prudential indicators.

The Committee was advised that –

1. During the first half of 2015/16 the Council had complied with its legislative and regulatory requirements;
2. The current financial year continued the challenging environment of the previous year's namely low investment returns and heightened levels of

counterparty risk;

3. There were no policy changes to the Treasury Management Strategy Statement;
4. The 2015–2018 Treasury Strategy had identified a medium term borrowing requirement of £150m to support the existing and future Capital Programme with debt servicing costs being met from revenue savings from capital investment and the economic development fund;
5. If there was a significant change in markets and long term borrowing was considered to be advantageous the Council would borrow over periods determined as the most appropriate to reduce its exposure to interest rate risk.

The Service Director (Finance) representative acknowledged that property investment could be worth some investigation given current market conditions but the Committee was advised that there was a risk of money being 'locked in' which might not be advantageous having regard to the Council's objectives.

Resolved - that Treasury Management mid-year report be noted.

10. Internal Audit Half Year report 2014/15

The Audit Committee considered a report of the Chief Internal Auditor (agenda item 10) which provided details of Internal Audit work for period 1st April to 30th September 2015. The Committee was also advised that a further brief report would be submitted to its 11 March 2016 meeting and full report would be presented to the June 2016 meeting.

Members of the Audit Committee were invited to ask questions and arising from this the following points were made or clarified –

1. Financial Regulations were currently being updated and members of the Audit Committee would be informed when this was done;
2. Dealing with Tenancy Fraud cases had significantly improved with over 27 cases resolved so far this year against an annual target of 40. Work was ongoing with Service Director (Housing) in respect of tenancy fraud cases. Wider fraud prevention work was being undertaken with Service Directors in other council directorates;
3. Consideration to be given to see if housing association staff could be resourced to help deal with tenancy fraud cases;
4. Information about percentages of fraud cases raised versus actually resolved to be included in the January report;
5. Financial savings had been made in respect of potential losses regarding benefit claims;

6. Customer satisfaction levels had fallen and work would be undertaken to consider ways to improve this;
7. Value for money (VFM) performance/work was on track but had been temporarily setback following an office accommodation move;
8. The BACS system was still vulnerable and at amber risk. A backup system had not been fully tested. There were plans to centralize the systems to reduce risk.

Resolved - that, subject to the comments made, the Internal Audit Half Year report 2014/15 be noted.

11. Transparency Code Compliance

The Audit Committee considered a report of the Chief Internal Auditor (agenda item 11) about the findings and conclusions from Internal Audit's review of the Council's compliance with the Transparency Code 2015. The review was conducted in accordance with the Annual Governance Statement process.

Members of the Audit Committee were invited to ask questions and arising from this the following points were made –

1. The number of 'hits' and other measures of interest expressed by members of the public would be looked at as a means of determining the need for any improvements to the process;
2. Wherever possible full transparency should be the standard practice eg parking services, although it was recognised that in cases of commercial sensitivity there would have to be limitations;
3. Proactive measures would be taken with regard to provision of information to members.

Resolved – that, subject to the comments made, the report be noted.

12. Application of the Markets Charter

The Audit Committee considered a report of the Service Manager for Facilities Management (agenda item 12) about a commercial review being undertaken with consultants, to evaluate St. Nicholas Market as the main hub for markets in the City and to revise current licence arrangements.

The Committee were advised that –

1. Changes in the demand for markets throughout the city in recent years had created an opportunity for the Council to review the application of its Market Charter Rights;

2. A revised approach to applying the Market Charter Rights would improve the quality and distribution of the markets in the city and potentially bring additional income to the council to fund a better markets service.

Members welcomed the report and asked that a further report due next year include information in respect of value for money issues eg, cost of invoices versus rent income as there had been some public interest received on this issue.

Resolved – that the report be noted.

13. Markets Service – Controls Improvement progress update

The Audit Committee considered a report of the Chief Internal Auditor (agenda item 13) about the findings and conclusions from the follow up of Internal Audit's review of the Markets Service.

The Committee were advised that –

1. There had been improvement in controls within the Markets operation and work continued to further enhance arrangements;
2. The collection rate of Markets debt has improved and this is expected to continue;
3. Licence agreements with traders were being revised and updated;
4. The Service had now put in place performance monitoring arrangements.

Resolved – that the report be noted.

14. BDO Accountants - External Audit Progress Report

The Chair informed the Committee that this report had been received late in respect of Access to Information criteria and therefore was not included with the published agenda papers. The Chair exercised his powers under Standing Order CMR 2.1 (1) (viii) of the Council's Constitution to allow the report.

The Committee then considered the report which provided an update of BDO's audit work for 2015/16 which included work on -

- Financial statements;
- Arrangements for securing economy, efficiency and effectiveness in respect of use of resources;
- A requirement to certify specified grant claims and returns as directed by Public Sector Audit Appointments Ltd;

- An assessment of whether the arrangements put in place by the Council would allow BDO to complete its work by the expected deadlines and whether there were any issues that were likely to have a significant impact on BDO's ability to provide unmodified audit reports and opinions.

Resolved – that the progress report be noted.

15. Bristol 2015 Ltd – Progress Report and Financial update

The Audit Committee considered a report (agenda item 14) about progress relating to Bristol Green Capital 2015, a summary of activity for the remainder of the year and an update on the latest financial position for Bristol 2015 Ltd. It also sets out the arrangements for end of year reporting.

The Committee was advised that a further report would be submitted to the 11 March 2016 meeting, which would provide more detail about objectives achieved to date, provide perspectives on the Council's reputation and consider contractual arrangements. This would ultimately be followed in the longer term with a report in 2020 when the wider impacts and final outcomes could be clearly identified.

Resolved – that the progress so far, the update on the allocation of public funds/external sponsorship to Bristol 2015 Ltd and the arrangements being made for end of year reporting, be noted.

16. Information Items (noted by the Audit Committee)

- (i) Neighbourhood's Directorate Risk Register
- (ii) People Directorate Risk Register
- (iii) Better Governance Forum - Update
- (iv) Response to article in 'The Cable' in respect of property leasing

The meeting ended at 11.50 pm.

Chair