

Audit Committee

Supplementary Information



Date: Tuesday, 23 November 2021

Time: 2.00 pm

Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

6. Public Forum

Up to 30 minutes is allowed for this item.

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Any member of the public or Councillor may participate in Public Forum. The detailed arrangements for so doing are set out in the Public Information Sheet at the back of this agenda. Public Forum items should be emailed to democratic.services@bristol.gov.uk and please note that the following deadlines will apply in relation to this meeting:-

Questions - Written questions must be received 3 clear working days prior to the meeting. For this meeting, this means that your question(s) must be received in this office at the latest by 5 pm on Wednesday 17 November.

Petitions and Statements - Petitions and statements must be received on the working day prior to the meeting. For this meeting this means that your submission must be received in this office at the latest by 12.00 noon on Monday 22 November.

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Date: Tuesday, 23 November 2021



Public Forum

Audit Committee

23 November 2021



1. Members of the Audit Committee

Questions		
Agenda Item	Title	Name
11	Debt Management Policy	Councillor David Wilcox
12	Treasury Management Report	Councillor Jonathan Hucker
15	Internal Audit Quality Assurance Improvement Programme	Councillor Gary Hopkins



Item 11 – Debt Management Policy.

Question from Councillor David Wilcox.

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Half year audit report

Can I have an update from the Bristol Beacon Project Management Office & Board about ongoing project costs, please?

Corporate Debt Management

Can the council confirm the status of the use of Bailiffs for debt collection, please?

Appendix 4 Page 224

Backups and Recovery: How many tapes have been brought back from off site storage and how often are tapes tested for both read ability and compatibility?

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1.9 When will a survey be undertaken of applications that only exist in one data centre?

1.12 When will full documented disaster recovery plan be put in place?

Response provided by Revenue Operations Manager.

The Council suspended recovery activity in March 2020 due to the COVID-19 pandemic. This suspension included all work undertaken by enforcement agents (bailiffs). The suspension was lifted in October 2021 and standard recovery processes have resumed. Practices currently differ by debt type and will involve the use of enforcement agents at different points within the process.

Item 12 – Treasury Management Report – Councillor Jonathan Hucker.

Question –

- a) The approved Capital Programme for 2021/22 was £321m and the current forecast is £272m. Please indicate which schemes have slipped, the reasons and whether action is planned to bring those schemes back on track. (Under the financing section the headings should read 2021/22 not 2020/21).

Response.

The monthly finance monitoring reports presented to Cabinet sets out the key changes to the capital programme including additions to the programme and the re-profiling of programmes into future periods. I have set out below the dates these were taken to Cabinet to review. The report includes appendices giving a high-level overview of capital programme along further detail in departments appendices.

Period 2 – 13th July 2021

Period 4 – 14th September 2021

Period 5 – 5th October 2021

Period 7 – Due 14 December 2021

In summary, project managers managing their programmes will request re-profiling to future periods for a variety reasons including delays caused from the pandemic such as raw materials and labour shortages.

With regards the headings, thank-you for highlighting and I will amend future reports and please accept my apologies for this oversight.

Question -

- b) Could I receive a list of authorised counterparties for investments and the types of investment instruments used please?

Response

The approved Treasury Investment Strategy sets out the instruments that can be used. Para 5 and Annex 3 refers

<https://democracy.bristol.gov.uk/documents/s57091/Appendix%204%20-%20Treasury%20Management%20Strategy%20202122.pdf>

On an operational basis the Council make use of money market funds, deposit / call accounts with banks and fixed term deposits primarily with local authorities along with banks and building societies all residing within the UK.

The list of counterparties that meet the Councils minimum credit criteria contains commercially sensitive data and therefore the list will be shared with the committee in 'exempt' email.

Question -

- c) The average return on investments at March 2021 was 0.30% and at September 2021 was 0.08%. I fully accept that it is difficult to get much of a return on cash investments in the present economic climate and avoidance of risk is an absolute priority. However, allowing for the fact that high levels of liquidity in the market are depressing rates I would like to understand if there are any other reasons, such as the tenor of the investments and the type of instruments used. The Bank Rate has remained the same and the benchmark 3 month Libor rate has not moved significantly over the period. Given the council continues to have significant amounts on deposit the reduction in the average rate of return would not be immaterial.

Response.

Please note returns relate to the average for the year, 0.30% for 20/21 and 0.08% from 1st April 21 to 30th September 21. The reason for the fall in returns are as follows;

- The average 3 month libor for 20/21 was circa 0.14%, compared to the current average for 21/22 being 0.07%.
- The Council fixed term deposits with varying durations were laddered to mature during 20/21. When these matured, these would have been re-invested at a lower coupon and this trend has generally continued throughout the period.
- At the start of the 20/21 financial year our MMF were returning circa 40bpts but this slowly reduced during the year to circa 0.01% as higher coupon assets matured. This downward trend started following the bank of England emergency cut in bank rate to 0.10% in March 2020. Our call accounts also followed a similar path and have reduced from a high of 1% at the start of the 20/21 down to an average of 0.10%.

D)When reading the papers for the Audit Committee meeting tomorrow I have seen a reference to unquoted equity investments. Can you clarify what these consist of please? Is it the holdings in council's subsidiary companies?

The Treasury Management Report for 2020/21 indicates that £37 million is owed to BCC by Bristol Holding. Could I have a (high level) breakdown of this figure please?

Response.

This Treasury report is an outturn report for the year ending 31st March 2021 and the £37m relates the Council's shares certificates it holds in Bristol Holdings with regards Bristol Energy. During the financial year ending 31st March 2021 the sale of Bristol Energy occurred

however the formality of discharging the Council share interest in Bristol Holdings did not. I can confirm that the market valuation of Council's wholly owned subsidiary's within the financial statements is correct and recognises the sale of Bristol Energy (interest in BE impaired in full) and this should have been made clear within the Treasury Outturn report".

With regards the share interest in June 2021, the redeemable preference shares held (classified as debt) by Bristol Holding Limited in BE 2020 Limited (formerly Bristol Energy Limited) were converted into ordinary shares (classified as equity), in anticipation of the wind down of the BE 2020 Limited entity. On the same date, the equivalent number of redeemable preference shares held by the council in Bristol Holding Limited were converted into ordinary shares. Both companies were also released from dividend payments attaching to those shares. As a result of these changes, Bristol Holding Limited does not hold any redeemable preference shares in BE 2020 Limited.

In July 2021, the entity BE 2020 Limited entered into a members' voluntary liquidation process, which is currently ongoing.

Prepared by Capital and Investments Manager.

Item 15 – Internal Audit Quality Assurance Improvement Programme.

Question - It is said that progress is satisfactory but we actually need an end date for completion and a breakdown of what areas have been satisfactorily completed and which not.

Cllr Gary Hopkins Lib Dem Cllr Knowle

Response provided by Chief Internal Auditor.

QAIP Element	Action	Status	Completed Actions	Outstanding Actions
Professional proficiency	Complete the skills review and set up long term arrangements for IT assurance.	Complete	IT skills assessment has been completed and KPMG has been appointed as a strategic partner to support IT assurance.	N/A
Processes	Implement continuous monitoring and continuous auditing methodologies.	In progress	<ul style="list-style-type: none"> - The Internal Audit Data Analytics Strategy has been drafted and in the process of being finalised. - Implementation of the Cabinet Office NFI Fraud Hub 	<p>Action Completing 3 continuous audit routines by the end of this financial year.</p> <p>Target Date: 31 March 2022</p>
Processes	Introduce agile auditing methodologies	In progress	<ul style="list-style-type: none"> - Rolling audit planning - Adoption of embedded assurance in key programmes - Real time reporting 	<p>Actions</p> <ol style="list-style-type: none"> 1. Reducing time taken to complete audits 2. Adoption of streamlined audit scope <p>Target: 30 June 2022</p>

QAIP Element	Action	Status	Completed Actions	Outstanding Actions
			- New audit client engagement model	
Follow ups	Automating the process for monitoring and reporting on the implementation of agreed management actions	In progress	Pentana Audit management system now used by management to monitor and report the implementation of agreed management actions	Automation of the process for sending reminders for outstanding actions due for implementation. Date: 31 March 2022
Professional Proficiency	Appoint Level 7 Internal Audit Professional Apprentices to build capacity and resilience	New	N/A	N/A
Processes	Enhance the use of analytics in completing audits	New	N/A	N/A