

Bristol City Council

Minutes of the Audit Committee

26 September 2022 at 2.00 pm



Members Present:-

Councillors: Andrew Brown, Tony Dyer (Vice-Chair), John Geater, Jonathan Hucker, David Wilcox, Adebola Adebayo and Simon Cookson

Officers in Attendance:-

Tim O’Gara (Director Legal and Democratic Services, (Simba Muzarurwi (Chief Internal Auditor), Glenn Hammons (Head of Corporate Finance), Alison Mullis (Head of Internal Audit) and Ravi Lakhani (Head of Strategic Finance)

1 Welcome, Introductions and Safety Information

The Chair welcomed everyone to the meeting and issued the safety information.

2 Apologies for absence.

Apologies were received from Councillor Katy Grant, Councillor Emma Edwards substitutes.

3 Declarations of Interest

None received.

4 Minutes of Previous Meeting

The minutes of the previous meeting held on 26 July 2022 were agreed as a correct record.

5 Action sheet

Action 7 (Internal Audit Exception Reporting) was completed but no exception reports were considered during the private member briefing. The exception report would be considered later in this meeting.

6 Public Forum



The following Public Forum was received for this meeting:

PS01 Councillor Geoff Gollop: External Audit Plan

- Officers stated that the external auditors will look at these items as part of their ongoing Value for Money work. This will form part of 2021/22 overview for next financial year. The external auditor will check that VFM actions have been taken forward properly.
- A member spoke regarding the capital programme, that earlier answers indicated this was due to BCC trying to complete capital projects before the end of the financial year. It is possible that the actual capital spend is under reported as accruals accounting was not applied.

7 Work Programme

RESOLVED the Work Programme was NOTED.

8 External Audit Plan

The External Auditor introduced the report and summarised it for the Committee.

- The statutory deadline for the accounts this year is end November 2022. The next Audit Committee will be after the publication deadline.
- The infrastructure financials cannot be signed off until the end of November. The EA is waiting on a statutory override. It is worth noting that the timeline for sign off is improving every year. Bristol is a large and complex council, and auditing puts significant work pressure on the finance team alongside business as usual.
- The pdf report is still not searchable or editable.

ACTION: External Auditor to make searchable pdfs.

- A property cannot be both an infrastructure asset and investment property.

ACTION: DM supply Committee Members with lists of infrastructure assets and investment properties.

- The Financial Reporting Council report has been supplied to the Committee Chair but is not for publication.

ACTION: Chair to circulate report to Committee Members.

- The boundaries for material consideration are increasing. The EA materiality is based on BCC's gross expenditure as the key accounting figure. This remains proportionate even if costs increase. Materiality boundaries also gradually increased as the EA learns more about the organisation.
- On p.15 of the EA report, it reads "as of the time of drafting this report, we have received management's responses which will be presented to Corporate Audit Committee." This should read "we have NOT received management's responses."
- In a group audit the risk level of the BCC companies is insignificant. BCC represents 99% of the finances, companies are very low material consideration. The EA relies on the companies' respective auditors and reviews their reports to assess accuracy.



RESOLVED the report was NOTED.

9 Treasury Management Annual Report 2021/22

The Head of Strategic Finance introduced the report and summarised it for the Committee.

- On average interest rates, historical borrowing was at a time when interest was higher. Rates are better now, however there are penalties for re-borrowing that make it a worse option than keeping the old rate.
- There is total borrowing of £451m net borrowing of £214m and substantial surplus cash on deposit. Members sought assurance this was being managed properly. Officers stated this was monitored daily within the finance team with appropriate escalation processes.
- A member asked for more detail on the £24m owed by subsidiaries to BCC. At one point BCC waived £6.5m from Bristol Holding but it is not referred to here. Also, the Capital Budget dropped from £321m to £158m over 2021/22. What were the main projects impacted and why the slippage?
- Finance Officers stated that a lot of that information was already in the accounts and monitoring reports, especially regarding the subsidiaries. Annual statements show the totality of investments from cabinet.

ACTION DM circulate details explaining the Capital Expenditure slippage to Committee members.

- The treasury management team has link services with information from 3 major credit agencies.
- Gross borrowing versus Capital Finance Requirement. Borrowing has gone from 60% to 50% so the authority could theoretically increase borrowing within reason.
- The Bristol Port Company at £3m has a fluctuating valuation and has been noted as a risk. The External Auditors consider it a risk as the company is not listed and cannot be traded or viewed on an exchange. This makes assessing value at a given point difficult.

RESOLVED the report was NOTED.

1 Risk Management Annual Report 2021/22

0

The Director of Finance introduced the report and summarised it for the Committee.

- The recommendation states 2021/22 period, but this should be 2022/23.

RESOLVED the report was NOTED.

1 Q2 Corporate Risk Report

1



The Director of Finance introduced the report and summarised it for the Committee.

- This was a late report for Audit Committee as it was being published today for Cabinet.
- In the earlier Q1 report there was a helpful matrix that showed RAG ratings on individual risks across the council. Members would also like to see the tolerances detail for risks.

ACTION DM to circulate overall risk matrix and tolerance details to members.

- CR46 high risk on properties is due to the difficulty of insurance tenders. The market is difficult for property insurance at the moment, appetite for risk is low. The property portfolio includes high rise blocks, which are high risk and hard to insure.
- Members would be grateful for more deep dives into certain risks. It was agreed at the recent member briefing that members can request a deep dive via the Chair once risk reports have been published. Officers will then request the relevant risk manager attend committee to answer questions.
- Members also requested to look at risks that were related to the major council policy themes, e.g. cost of living. Members were invited to contact the Chair regarding this.

RESOLVED the report was NOTED.

1 Annual Report of Local Government and Social Care Ombudsman

2

The Head of Information Assurance introduced the report and summarised it for the committee.

- Members requested that the data be presented in the old word format for ease of viewing.
- Trend data only has this year and the previous year, a longer period is required to identify trends.

ACTION BH expand trends to a 5-year period if possible and return to Word formatting.

- Figures may have lowered during the pandemic but should be stable from now on.

RESOLVED the report was NOTED.

1 Internal Audit Activity Report

3

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

- It was observed that IT has had limited assurance opinions for a while, however this should be considered in the context of BCC. With increased audit expertise through collaboration with a strategic partner the scope of IT assurance work has widened resulting in more complex areas being reviewed.
- IT frequently has systems supplied by third parties and must rely on those parties for assurance, but BCC IT is now far better at monitoring this.



- A member gave a statement about their concerns on IT limited assurance, compliance with strategy and making the best of opportunities available. There was a request for the relevant director to attend the Committee within the next 3 months.

ACTION DW share statement with SM so that he can arrange an update from the IT Director for the Committee.

- There was a discussion on the timeline for agreed management actions. The original December 2022 deadline had been extended into March 2023 for practical reasons. Audit will monitor individual actions and review the area again as part next year's plan. The outcomes from this review will be reported to the Committee consistent with the reporting cycle.

RESOLVED the report was NOTED.

1 Audit Committee Annual Report to Full Council

4

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

- The Annual Report was drafted by Audit Officers on behalf of Audit Committee and will be submitted to the November Full Council meeting.
- The section on external audit signoff for financial statements states that Committee was concerned about the time taken to signoff. Please include a note that Committee requested that the BCC website was updated to explain why the accounts were late.
- Members considered the annual report to be a fair reflection of the year and shows how much work the Committee gets through.
- This report will go to Full Council at the same time as the External Auditor's report, however the Committee will not see the External Auditor report beforehand.
- Section 2.1. states that the Terms of Reference are on the BCC website, however these are in the Annual General Meeting reports pack so are not easily accessible.

ACTION: Democratic Services to add the ToR to the Audit Committee information section of the BCC website.

RESOLVED The Committee Members considered and APPROVED the Audit Committee's Draft Annual Report to Council for 2021/22.

Meeting ended at 4.30 pm

CHAIR _____



