

Bristol City Council

Minutes of the Audit Committee

20 July 2017 at 2.00 pm



Members present:-

Councillors: Jos Clark, Olly Mead, Steve Pearce, Liz Radford and Councillor Bolton (substituting for Councillor Stevens)

Officers in attendance:-

Alison Mullis/Melanie Henchy-McCarthy - Head of Internal Audit; Jonathan Idle – Interim Chief Internal Auditor; Matthew Hepenstal (BDO) – External Auditor; Denise Murray – Service Director – Finance; Nancy Rollason – Head of Service, Legal & Democratic Services; Steve Gregory – Democratic Services Officer

1. Improving Audit Committee Effectiveness Workshop

Members received a presentation outlining various ways the Audit Committee could improve its effectiveness.

Key points arising from the session were –

- Materiality was a very important factor, only issues relevant to governance should be considered by the Audit Committee;
- Invite wider members of the Council to engage with the audit/governance process;
- Important to have a clear and unambiguous definition regarding governance issues and operational issues so all are clear which committee deals with what;
- Essential that terms of reference for both Audit Committee and other operation committees/commissions were specific and unambiguous;
- Where a disagreement occurred about whether an issue was governance or operational, it would be for the Council's monitoring officer to resolve;
- Other processes in the event of a disagreement included participation by the external auditors and making sure if there were any 'fall through the gap' incidents that they would not be allowed to continue for a significant time. Essential to chase up quickly and resolve.
- CIPFA guidance on Effective Audit Committees to be circulated to all members of the committee.
- Overview of local government finance – would be a helpful training session. A training



programme is to be drafted for comment by the committee.

- Effectiveness of the whole committee structure needs to be reviewed once it has embedded.
- It was questioned as to why the lower scoring items in the Audit Committee Effectiveness Review had been missed out of the report to Full Council. Members were advised that this should not have been the case and that this would be checked.

2. Welcome, Apologies, Introductions and Safety Information

Apologies were received from –

- (a) Councillor Clive Stevens, who was substituted by Councillor Charlie Bolton;
- (b) Councillor Barry Clark, no substitution;
- (c) Councillor Afzal Shah, no substitution.

3. Declarations of Interest

None declared.

4. Minutes of 23 June 2017

The minutes of the 23 June 2017 meeting were agreed as a correct record.

5. Action sheet - 23 June 2017

The action sheet was noted subject to updates as below –

- (a) Action (1) – ‘downloading of Apps by Councillors, risk of being charged’, Members were informed that Apps store account was not linked to e-mail address and as only on wifi a charge could not be made to members accounts. IT team confirmed they monitor usage and internal audit would test this to ensure it was a robust process;
- (b) Action (3) relating to a ‘summary check sheet in respect of Governance performance to be submitted to every Audit Committee meeting for 2017/18’ should read with effect from September.

6. Public Forum

None received.

7. Work Programme

The Work Programme was noted.



Members were informed that due to the Audit Committee date being brought forward by one week, the WP had been updated and that some items had been deferred to the next meeting to allow more time for associated work to be completed.

Regarding the Final Statement of Accounts, members asked if the final draft report could be circulated prior to the statutory dispatch date for comments. Officers agreed to do this but also pointed out that the latest version was available to view on the Council's public website.

Arising from discussion, members agreed to a Risk Management Workshop prior to the next meeting, to commence at 1.30 pm.

The Chair requested a pre-meeting with officers on the Monday of the week of each Audit Committee meeting going forward.

Committee members requested that papers are released in advance of the official papers deadline if they are ready. The Final Accounts should be ready mid-end August and were requested as soon as possible.

8. Terms of Reference for the Peer Review of Internal Audit

The Committee considered a report in respect of the Public Sector Internal Audit Standards (PSIAS).

Members were advised that the Public Sector Internal Audit Standards (PSIAS) required that the Council's Internal Audit service was reviewed once every five years, by a qualified and independent reviewer, external to the organisation. The Core Cities Chief Internal Auditors group had established a 'peer-review' process that was managed and operated by the constituent authorities. The process addressed the requirement for an external assessment by 'self-assessment with independent external validation'.

Arising from discussion, the following points were clarified –

1. Firm assurances were given to the Committee about the robustness of this process bearing in mind it was 'local authority to local authority' and not an external source. There was also the advantage of a significant cost saving utilising this approach;
2. The two day assessment period was part of a wider evidence based assessment which encompassed desktop evidence, input from the Council's interim Chief Internal Auditor and if necessary input from the Council's external auditor;
3. The Council's Head of Internal Audit had participated in this process when peer reviewing Birmingham City Council and confirmed the effectiveness of the process.

RESOLVED -

- 1. That the proposed approach for the Peer Review of Bristol City Council's Internal Audit function, by Sheffield City Council's Internal Audit service, be endorsed;**



2. **That the terms of reference be noted;**
3. **That the nominated sponsor for the exercise be approved;**
4. **That improvements within the service be monitored by receiving regular updates on actions implemented.**

9. Internal Audit Activity Report for Q1-2017/18

The Committee considered a report which gave a summary view and status of the work undertaken by Internal Audit in quarter one of 2017/18. The report also provided an oversight of grant certification work completed on behalf of the Council and an update on Internal Audit's fraud work.

Arising from discussion the following points were clarified –

1. The team had received a number of requests for review/investigation which had directed resource from the planned audit work. Follow up of recommendations had a low level of response in the previous year; however, measures were in place to improve on this and included involvement of Strategic Directors, signing off by the Chief Executive, audit champions for each area attending DLT meetings and, if necessary, a report could be brought to the Audit Committee which would include full details of the officers responsible.
2. Grant certification/claims not being spent were raised as an issue to be investigated. Members were informed that there were some cases when this happened where criteria had not been fully met or where it was due to the Council's systems. It was agreed that a schedule be brought to the Audit Committee so that members could review the information.
3. The Chair congratulated the team on the clarity and presentation of the report.

RESOLVED – that the Internal Audit Activity in quarter 1 of 2017/18, be noted.

10. External Auditor Appointment Process - Update

The Committee received a report giving an update about the arrangements for appointing External Auditors, following the closure of the Audit Commission and the end of the transitional arrangements, at the conclusion of the 2017/18 audits. Members were informed of the timetable for appointment and that arrangements included a window for representations to be made if the Council was not satisfied with the appointment for any reason. For example, if any companies did a lot of existing work with the Council and their independence would be compromised, the Council could make a representation for a different appointment.

RESOLVED – that the updated position regarding the process for appointment of external auditors, including the timescales for challenging any appointment made, be noted.



11. External Audit - verbal update report

The Committee received a verbal update from the Council's external auditors.

Main points noted –

1. The sign off of accounts for next year would have to be done by the end of July rather than the previous deadline of end of September. A preliminary trial was done this year which had identified weaknesses in meeting this deadline; this gave an opportunity to put these right in good time for next year's deadline although the overall process was found to be positive.
2. The Council's three independent companies would appoint their own auditors to dovetail their work with the Council's.
3. Council housing valuation and investments properties would need to be looked at again, as it appeared in many cases they were undervalued against a backdrop of property price increases in the Bristol area in 2016/17.

RESOLVED – that the verbal update be noted.

12. DBS checks: requirements for Councillors - verbal update to be given at the meeting

The Committee received a verbal update from the Council's Deputy Monitoring Officer.

Main points noted –

1. The law relating to this was extremely complicated and different local authorities appeared to do different things.
2. There were different levels of barring, i.e. basic, standard and enhanced. Any regulated activity needed to have an enhanced level of checks.
- (3) Generally Councillors did not have regular contact with vulnerable groups so it was a 'grey area' whether the Council was entitled to ask for all Councillors to be DBS checked.

Due to the complexity of this issue, the Deputy Monitoring Officer felt that the way forward was to develop a draft Policy for Audit Committee to consider with a view to Full Council debating and deciding on it; this would also include reference to Youth Councillors.

RESOLVED – that the verbal update be noted and that a DBS draft Policy report be submitted to the next Audit Committee meeting on 21 September 2017.

Meeting ended at 4.05 pm



CHAIR _____

