

Bristol City Council Minutes of the Audit Committee



25th November 2016 at 10 am

DISCLAIMER

The attached Minutes are DRAFT. Whilst every effort has been made to ensure the accuracy of the information and statements and decisions recorded in them, their status will remain that of a draft until such time as they are confirmed as a correct record at the subsequent meeting

Committee Membership:-

Councillor Nicola Beech; Councillor Nicola Bowden-Jones; Councillor Helen Godwin; Councillor Gary Hopkins; Councillor Olly Mead; Councillor Liz Radford; Councillor Clive Stevens.
Independent Member(s): Ken Guy, Vacancy

Members Present:-

Councillor Nicola Beech; Councillor Nicola Bowden-Jones; Councillor Gary Hopkins; Councillor Olly Mead; Councillor Liz Radford; Councillor Clive Stevens.
Independent Members: Ken Guy.

Officers in Attendance:-

Alison Mullis/Melanie Henchy-McCarthy Chief Internal Auditor, Matthew Hepenstal/Siobahn Jenkins - BDO External Auditors, Annabel Scholes Interim Service Director (Finance), Tony Whitlock Principal Accountant Corporate Finance, Shahzia Daya Service Director Legal & Democratic Services, Steve Gregory Democratic Services.

1. Welcome, introductions, apologies and safety information

Councillor Helen Godwin was not present.

Members of the Committee noted the resignation of Brenda McLennan (Independent Member) and offered their sincere thanks for the work Brenda had done and extended their best wishes to her for the future.

2. Declarations of Interest

None declared.

3. Minutes of 23 September 2016

The Minutes of the 23 September 2016 were agreed as an accurate record.

A number of points were then made by members as follows -



(1) A member expressed serious concern that the Metrobus report was not on this agenda as had been agreed at the last meeting. This was more concerning because it had also been agreed that the public would be kept informed via social media to allow them an opportunity to engage with this item. The Committee was advised that an informal agenda meeting had taken place with senior officers and the Chair whereby this item was not included on the agenda as there was concern about whether the report should go to Scrutiny or the Audit Committee. This matter had now been resolved.

The Chief Internal auditor gave a firm commitment that the Metrobus report would be on the agenda for the next meeting on 27 January 2017 and in the meantime a draft copy of the report would be circulated to all Audit Committee members for information and comments. The Service Director Legal & Democratic Services emphasised that, at its next meeting, the Audit Committee should only consider the report within its own terms of reference as it was not the Committee's role to consider wider scrutiny issues, as these would be considered by the appropriate scrutiny commission(s).

(2) A member who had submitted a statement to the last meeting about Bristol Port Authority Non-Executive role emphasised that the Port Authority had suggested that the person filling that role should not be an Avonmouth Councillor;

(3) Some members felt that training for new Audit Committee members was not adequate and requested that in future training be more appropriate, less broad, more scenario based and avoid use of professional jargon. The Service Director Legal & Democratic Services undertook to further discuss the concerns that had been raised and refer them for consideration by the Members Development Working Group;

(4) The Chair informed the Committee that Warmup Bristol was no longer on the Audit Committee Work Programme because the Place Scrutiny Commission was now considering this item;

(5) The Committee wished it to be emphasised that the criteria used in respect of the Honorary Aldermen/Women nominations at its last meeting on 23 September 2016, was the criteria approved by Full Council on 15 March 2016.

4. Action sheet of 23 September 2016

Actions were noted and that the reference to training for public sector internal audit standards should be 27 January 2017 not 25 November 2016.

5. Public Forum

Two statements were received and noted in respect of agenda item 11, Honorary Aldermen nominations and were taken into account prior to that item being considered. One statement was in support of one of the nominees and the other was not supportive of the process being brought back to this committee for further consideration. *(For the full transcript the Statements are held on public record by the Democratic Services team – democratic.services@bristol.gov.uk).*

6. Work Programme

The draft Work Programme was considered.



Some general comments were made during this item –

- (1) Concern about whether the Council could achieve its savings targets, Chair suggested approaching Councillor Craig Cheney Cabinet Member for Finance, Governance and Performance;
- (2) People Scrutiny Commission re libraries possible invitation to be made to all members of Council to an informal briefing;
- (3) In answer to a question it was confirmed that CIL funds had been set aside to financially assist the Arena project;
- (4) A member asked if meeting agendas could be sent out in advance of the reports as some felt the five day statutory rule was not adequate. Service Director Legal & Democratic Services to consider.

Resolved: that the Work Programme be noted.

7. Treasury Management - Mid-year Report

The Committee received a report from the Interim Service Director – Finance on the Treasury Management Mid-year Report for 2016/17.

The Committee was advised that the report met the Treasury Management regulatory requirement which obligated that the Council receive a mid-year treasury review report. The report also incorporated the requirements of the Prudential Code to ensure adequate monitoring of the Council's capital expenditure plans and prudential indicators (PIs).

With regard to debts and investment a member enquired why conventional loans had not been used rather than LOBO's (Lender option Borrower option). The Committee was informed that although this was possible, the decision to use LOBO's was based on circumstances that prevailed at the time and were considered to be in the best interests of the Council. This would be looked at again early next year when the LOBO's came up for renewal.

Resolved: that the report be noted.

8. Annual Audit Letter - BDO

The Committee received the Annual Audit Letter from BDO the Council's external auditors.

Points arising from discussion were –

- (1) Largest risk was the Council not achieving its savings targets but this was not an audit function;
- (2) All scrutiny commissions would look at their respective budgets;
- (3) A Section 114 Notice could be issued if budgets were not properly scrutinised and controlled however this would only be used as a last resort;
- (4) With regard to savings targets, concern was expressed that the Mayor and Council had not been fully aware of the amount to be saved. The Committee was assured that a governance structure was in place to accommodate this;
- (5) Noted that a governance report on the Change Programme savings would be considered by the Mayor in the near future and following a request for this item to be on the Audit Committee's work programme, members were advised that it was the Audit Committee's role to make sure that the governance happened rather than consider the report itself.



Resolved: that the report be noted.

9. Internal Audit Half-Year Report 2015/16

The Committee received a report from the Chief Internal Auditor which provided details of Internal Audit work for the period 1st April to 30th September 2016.

It was acknowledged that the report provided senior management and the Audit Committee with an illustration of how the Council was doing in terms of level of assurance and risk for 2016/17, together with the previous year's performance for reference, as well as a summary of the work carried out by Internal Audit in the first six months of the 2016/17 financial year.

A member asked if staff lower down in the organisation were able to play a significant role in helping to reduce risks associated with council business. The Chair asked senior officers to bear this in mind when discussions took place with the Directorate's.

Resolved: that the report be noted.

10. External Auditor Appointment Options

The Committee received a report from the Chief Internal Auditor regarding the arrangements for appointing an external auditor for the Council, following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

The Committee was being asked to recommend to Full Council one of the options for appointing an external auditor for 2018/19. The recommended option was to 'opt in' to the PSAA (Public Sector Audit Appointments) 'sector led option', as this was considered likely to be the most financially advantageous. The Committee was also asked to consider whether the Council should seek to secure a common external auditor across its Devolution partners and potentially the Mayoral Combined Authority.

After consideration it was unanimously –

Resolved – that Full council, at its meeting on 13 December 2016, be recommended to 'opt in' to the PSAA 'sector led' option for the appointment of an external auditor for 2018/19 and that the Council should seek to secure a common external auditor across its Devolution partners and potentially the Mayoral Combined Authority.

11. Honorary Aldermen Nominations

The Committee received a report from the Service Director – Legal and Democratic Services to enable the Committee to consider and decide which nomination(s) should be recommended to Full Council for approval. The Audit Committee had received a report on this issue at its last meeting on 23 September 2016.

In answer to a question why this report had been brought to the Committee again the Service Director – Legal and Democratic Services explained that it had been requested by the Council's Party Group



Leaders. Members were further advised that during consideration of the nominations the Committee should place significant emphasis on the level of 'eminent service' they felt that the nominees had achieved for and on behalf of the Council, as this criteria was the statutory minimum test possible.

Some members of the Committee felt that this report should not be considered and therefore it was moved and seconded that the nominations be not considered.

On the motion being put to the vote there were three in favour, three against and one abstention. As resolution had not been achieved the Chair exercised his casting vote and voted against the motion. The motion was therefore lost.

The Committee then considered the proposed nominations as received –

Tess Green

With the nomination being put to the vote there were two in favour, four against and one abstention. The nomination was therefore refused.

Christian Martin

With the nomination being put to the vote there were two in favour, three against and two abstentions. The nomination was therefore refused.

12. Information Items:

A) Directorate Risk Registers

The Committee noted information reports in respect of the Neighbourhood and People Directorates Risk Registers.

B) Standards – Members of Council

The Committee noted that on 14 September 2016 a complaint was received about a member of the Council, from a local constituent about failing to arrange a meeting with the constituent which was considered to be a fundamental disregard of the constituent.

After investigation by the Service Director Legal and Democratic Services it was concluded that no action be taken. The Case was closed on 14 October 2016.

The meeting finished at 12.42 pm.

CHAIR

