

Bristol City Council Minutes of the Audit Committee



24th March 2017 at 9.30 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 Helen Godwin; Councillor Gary Hopkins; Councillor Olly Mead; Councillor Liz Radford; Councillor Clive Stevens.
Independent Member(s): Ken Guy

Officers in Attendance:-

Alison Mullis/Melanie Henchy-McCarthy Chief Internal Auditor, Greg Rubins - BDO External Auditors, Denise Murray Service Director (Finance), Nancy Rollason Service Manager Legal & Democratic Services, Steve Gregory Democratic Services.

1. Welcome, introductions, apologies and safety information

No apologies received.

2. Declarations of Interest

None declared.

3. Minutes of 27 January 2017

The Minutes of the 27 January 2017 were agreed as a correct record.

4. Action sheet 27 January 2017

The Action sheet was noted.

5. Public forum

None received.



6. Work Programme

The Work Programme was noted.

7. Update on Council's Control Framework (based on the work of Internal Audit)

The Committee received a report from the Head of Internal Audit in respect of a dashboard view of the control framework within the Council, based on the work of Internal Audit (IA) during the period of 1st April 2016 – 28th February 2017.

The Committee discussed the contents of the report and arising from this the following key points were made or clarified –

Figure 1 - Residual Level of Risk & Figure 2 - Risk Trend

1. Noted that there had been an increase in red indicators and a decrease in amber and green indicators. Members were informed that the increase in red indicators needed to be understood in context as this was consequent upon the work that was done and where attention was being focussed eg known poorer areas of service provision and schools governance which had not been investigated for a number of years;
2. Recent staff reductions in the Internal Audit team required remaining resources to focus on high risk areas so it was likely that the red indicator trend would increase in the short term;
3. The Audit Plan would in future identify key high risk areas so that progress could be made;
4. It was emphasised that amber should not always be seen as a potential problem as it might mean that the service area was not 'very good' but improvements were ongoing. The information was effectively a 'snapshot' of evidence found at the time of the audit;
5. The next report would update on all these areas and a narrative would be provided to outline the peaks and troughs of performance and the overall direction of travel;
6. Some areas had not responded to internal audit recommendations for various reasons eg, finance, procurement, projects. It was thought that this was down to embedded cultures and inability to prioritise internal audit recommendations. It was vitally important that these areas of service be fed into the Audit Plan to ensure that improvements would be made;
7. With regard to cultural aspects it was recognised that scrutiny commissions had a role to play in terms of providing an influence on how work was done;
8. Some members felt that in serious cases internal audit should effectively 'name and shame' senior managers and that they be invited to the Audit Committee to help find a positive way forward;
9. Members were assured that going forward all areas of poor performance would be reviewed to ensure that the right skills and capacity was in place to make significant improvements. A report would be brought to the Audit Committee which would show where senior officers were being challenged to make significant improvements to their areas of work and service provision;

Figure 3 - Level of Assurance



10. Regarding 'Assurances' members were advised that the amber indicator did not mean 'bad' performance but doing the bare minimum. Assurance was given that this would be followed up proactively until a green indicator was achieved including the involvement of directorate leadership teams where necessary;
11. The Committee noted staffing reductions had impacted internal audit function but that ongoing work was more focussed and that statutory minimum requirements were consistently met;
12. It was recognised that it was vital that the scope of future audit need to be clearly defined and more clarity given regarding what was being measured;
13. With regard to the new Payroll project members were assured that there was no risk of staff not being paid. It was acknowledged that the new system still had issues to be resolved and that in the meantime the existing system was being adequately supported to ensure continuity of the service;
14. Safeguarding (Adults) issues about deprivation of liberty assessments not being completed. This was being audited again and a report back would be made when completed;
15. Neighbourhoods sport centres contract issues around financial vetting of contractor not being completed and risk of potential failure, procurement team would be asked to attend a future audit committee meeting to update members;
16. Recruitment and Selection - Disclosure and Barring Service checks not taken place, some in critical areas, update to be given to members;
17. Disclosure and Barring Service, checks for Councillors was discussed amid serious concern that this was not routinely done. Members were advised that Councillors were not legally obliged to be DBS checked and it would normally only be done on a case by case basis. Members considered if this should be raised as an issue of concern or perhaps the Council could consider optional checks for certain councillors. The Service Manager Legal & Democratic Services undertook to look at this matter and produce a report to explain the issues and consider where the report should go for formal consideration;
18. Internal auditor agreed to include an extra column showing progress in future updates;

Figure 4 - Potential Recoverable Savings and Cost Avoidance

19. Housing (right to buy) comparator to be included in future report to show trend;
20. Savings had been identified in a number of areas;
21. Blue badge fraud being prioritised and an 'amnesty' project about to be launched. Members suggested that parking services also be asked to assist with blue badge fraud as this was an area of concern.

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

8. Internal Audit Draft Annual Plan for 2017/18

The Committee received a report from the Head of Internal Audit in respect of a Draft Internal Audit Plan regarding detailed planned audit work for 2017/18.

The Committee discussed the contents of the report and arising from this the following key points were made or clarified –

1. Regarding consultation (2.4) in future scrutiny commission members would be included;



2. A member expressed concern that the Bundred report was not on the agenda. Service Director (Finance) explained that the Overview & Scrutiny Management Board was leading on this. With specific regard to governance issues the opinion of the Chair and Vice Chair of the Audit Committee would be sought;
3. For future work the Audit Committee Terms of Reference would be revised with particular emphasis on its governance role. A special meeting could look at this or the Chair and Vice Chair of the Audit Committee could oversee informally with an option for an additional meeting. Notwithstanding that additional training sessions might be necessary regarding any changes to how the Audit Committee might work in the future;
4. Contract renewals needed to be reviewed as some contracts were not being flagged up in advance in the Council's Forward Plan which could lead to contracts needing to be extended and thereby waste money by not entering into a properly negotiated contract;
5. It was suggested that the App store was a security risk and could present the Council with a significant cost risk if councillors downloaded apps and charged them to the Council, equally high data usage cost the Council money. Noted that this issue was already being looked at by internal audit team;
6. A clear timetable would be produced for the Audit Plan once all the work areas and associated consultation with partners had been completed. Progress reports would be made to the Audit Committee so that members were kept fully informed.

Resolved - that, subject to the comments made during the discussion, the report be noted.

9. Money Laundering Policy Update

The Committee received a report from the Service Director Finance & S.151, in respect of a review of the Money Laundering Policy and guidance that had been undertaken to simplify and clarify guidance for work colleagues.

The Head of Internal Audit advised members that the Money Laundering officer would be the Section 151 officer subject to approval by Cabinet.

Resolved – that the report be noted.

10. BDO Audit Plan 2016/17

The Committee received a report from BDO the Council's external auditors in respect of the Audit Plan 2016/17 and which set out the work BDO would carry out in discharging their responsibilities to give an opinion on the Council's financial statements and a conclusion on the Council's value for money. The plan set out BDO's responsibilities under the Code of Audit Practice and included an outline of the key issues relevant to the audit of the financial statements and an initial assessment of the key risks.

Key points raised were that due to the Council's large budget deficit, value for money was now essential and that mitigation of reductions in expenditure continued to take place robustly.

Resolved – that the report be noted.

11. BDO Annual Fee Letter



The Committee received a report from BDO the Council's external auditors in respect of the Annual Audit Letter.

Resolved – that the report be noted.

12. Honorary Aldermen nomination

The Committee received a report from the Service Director Legal & Democratic Services to consider and decide whether a nomination for Honorary Alderman should be recommended to Full Council for approval.

After due consideration of the unique circumstances surrounding the nomination in this case, due to the Member dying in office, it was proposed and seconded that the nomination be agreed in principle subject to checking with the nominees family for their approval.

On being put to the vote there five in favour and two abstentions, the motion was therefore carried.

Resolved – that, given the exceptional circumstances in this case due to the Member dying in office, the nomination for Honorary Alderman, as nominated by the respective political group be approved subject to checking with the nominees family for their approval, and that a recommendation to Full Council on the appointment of a new alderman be made.

13. Information item - Whistleblowing Arrangements Governance

The item was noted.

Meeting ended 12.50 pm

