

# Bristol City Council Minutes of the Audit Committee



30 September 2019 at 2pm

## **Members Present:-**

Councillors – Brain (Chair), Stevens (Vice-Chair), Clough, Jackson, Mead, Abraham (substitute for Radford.)

Independent Members – Simon Cookson and Adebola Adebayo.

Others - Jackson Murray and Jon Roberts - Grant Thornton – External Auditors, Simon Phillips – Independent Auditor.

## **Officers in Attendance:-**

Denise Murray – Director Finance and Section 151 Officer, Simba Muzarurwi – Chief Internal Auditor, Alison Mullis - Deputy Chief Internal Auditor, Michael Pilcher – Chief Accountant, Tony Whitlock – Finance, Nancy Rollason – Head of Legal Services, Allison Taylor – Democratic Services

## **1. Welcome, introductions, apologies and safety information**

These were done and apologies were noted from Councillor Radford with Councillor Abraham as substitute.

## **2. Declarations of Interest**

None declared.

## **3. Minutes of the last meeting.**

These were agreed as a correct record and signed by the Chair.

**Resolved – That the minutes of the last meeting be agreed as a correct record and signed by the Chair.**

## **4. Action Sheet.**

**Resolved – That the Action Sheet be noted.**

## **5. Public forum**

None received.



## **6. Work Programme**

**Resolved – That the Work programme be noted.**

## **7. Member Officer Protocol.**

The Director – Legal and Democratic Services reported that the protocol was more user-friendly and aimed to strike a balance between the roles of members and officers. The following points arose from discussion:-

1. It was noted that members were often required to chase officers for responses to casework enquiries after the 7 working days standard;
2. Cllr Clough states that some members may need additional support with casework and this should be noted in the protocol
3. In reference to Paragraph 37, Councillor Jackson expressed surprise that Scrutiny Commissions could not require officers to prepare reports for it as this did not appear to be the case from his experience. Officers confirmed that this provision is in the current Protocol;
4. Simon Cookson asked whether the protocol also applied to Independent Members and was informed that this was the case whilst carrying out the role for the Council and this should be noted in a footnote in the protocol;
5. It was agreed that the protocol be amended to confirm that the Proper Officer was also the Monitoring Officer;
6. Councillor Stevens referred to Paragraph 19 – Access to Information and was content with the wording ‘reasonably necessary’ subject to this being flexible and did not require members to prove their request for information;

**Resolved – That the revised Member Officer Protocol be noted and referred to Full Council for consideration subject to the amendments above being made.**

## **8. Administrative changes to the Constitution.**

The Committee noted that the report set out a number of administrative amendments to the Constitution which have been made by the Monitoring Officer under delegated powers.

**Resolved – That the administrative amendments to the Constitution as set out in the report be noted.**

## **9. Annual Report of Local Government and Social Care Ombudsman Decisions.**

The Head of Legal Services reported that Appendix A – Cases upheld and lessons learned had been omitted from the paperwork and therefore subsequently circulated to the Committee. She asked that members submit any comments directly to her before the November Full Council. The following points arose from discussion:-



1. It was agreed that in future reporting the comparator authorities' appendices could be restricted to Core Cities and neighbouring authorities only;
2. It was noted that CLB had reminded Directors would remind officers of the importance of prioritising LGO casework.

**Resolved – That the report be noted and referred to Full Council for consideration.**

#### **10. Grant Thornton (GT) 2018/19 Audit Report – ISA 260.**

Jon Roberts and Jackson Murray – Grant Thornton were in attendance for this item and highlighted the following:-

1. The full audit was not yet complete but there was an expectation of a quality audit rather than an on-time audit and the 31 July was not a statutory requirement. The value for money work had been completed;
2. The Committee noted that the handover from BDO to GT did not happen until July and there were lessons to be learned on both sides;
3. It was noted that GT had undertaken many audits and BCC's was considered the most complex as BCC was an ambitious Council;
4. GT had good working relationships with officers who were receptive to GT's technical points;
5. GT was still awaiting satisfactory completion of property evaluations and conclusion on the accounting treatments of guarantees provided by BCC on behalf of Bristol Energy Ltd.

The following points arose from discussion:-

1. It was noted the accounting treatment related to the parent company guarantees was still subject to audit as it was currently treated as a contingent liability, but GT wanted further work to clarify this treatment;
2. Protocols with respect to journals had been tightened up to ensure that there were sufficient checks and balances in place for technical adjustments as well as cash.

**Resolved – That Grant Thornton's 2018/19 Audit Report and action plan agreed by management be noted.**

#### **11. Final Statement of Accounts for 2018/19 and final AGS for 2018/19.**

The Committee noted the progress towards the conclusion of the audit and it was:-

**Resolved – That the progress towards the conclusion of the audit be noted.**

#### **12. Treasury Management Annual Report.**

The Committee noted that Councils were required to produce an annual treasury management review of activities and the actual treasury indicators in accordance with Local Government regulations.



The Chair thanked officers for an unbiased economic summary and was happy with the contents. There were no further comments and it was:-

**Resolved – That the Annual Treasury Management report for 2018/19 be noted.**

### **13. Internal Audit Activity Report for period 1 April 2019 to 31 August 2019.**

The Chief Internal Auditor introduced the report and the following points were made:-

1. Improvements had been made to the Activity Report so that summaries of internal audit outcomes would only be reported if there was limited or no assurance opinion;
2. As the service had been carrying vacancies it was proposed to defer some reviews as set out in Table 2 in order to first build capacity, develop methodologies and deliver the audit automation project;
2. The immediate challenge faced by the Council was to improve its control and risk environment by focusing on the right management actions given the 'limited assurance' opinion in the last three years.

The following points arose from discussion:-

1. Revised arrangements for internal audits would result in IA findings being reported to a service in the usual way but IA will not make any recommendations to make improvements. Instead, IA will work with management to identify and agree the appropriate actions required to deliver the improvements desired. This gave management the opportunity to drive changes required, gave greater ownership and saved valuable time and resources;
2. Independent Member Adebola Adebayo referred to the IA on Data Sharing with Partners and suggested that it should be clear whether a recommendation was priority 1 or 2. He also referred to the School's Financial Governance Study and noted that this had implications for GDPR. Finally, he referred to Traffic Control Services – Cloud and Resilience and believed that bullet point 3 of the key findings contradicted the first 2. It was agreed to report back on this matter;
3. Independent Member Simon Cookson referred to the revised ratings noting that these were also used by his organisation. The revised arrangements would allow IA to provide a professional view on the proposed management plans.

**Resolved –**

- 1. That the work and results of the Internal Audit Team during the period 1 April to 31 August 2019 be noted and;**
- 2. That the proposed amendments to the 2019/20 Internal Audit Plan and revised assurance opinions be noted.**

### **14. Corporate Risk Management arrangements and the Q1 2019/20 Corporate Risk Report Update.**

The Risk Manager – Corporate Finance attended for this item and reported the following by way of introduction:-

1. This Risk Report had already been through Cabinet recently;



2. The Corporate Leadership Board and Executive Director of Resources had introduced improvements which provided greater alignment with business plans and allowed a drill down on actions within a deliverable time bands.

The following points arose from discussion:-

1. A further Internal Audit review would be done after the Risk Management framework had embedded in order to provide the additional assurance;
2. Reference was made to CRR28 – Instability of Housing’s new IT. It was noted that this risk had now moved from the corporate risk register to the project risk register so had been deescalated;
3. Reference was made to CRR18 – Failure to deliver 2000 homes per annum by 2020 and it was noted that the core driver of this risk was the price of land;
4. It was noted that the key external risk was BCC1 – Flooding. Business continuity and civil contingency were different risks;
5. Director reports on risk were now being produced and risk reports had been considered by Scrutiny on two occasions. Efforts were being made to report more frequently and to increase the visibility and transparency for risk management.

**Resolved – That the Council’s Risk Management arrangements and the Corporate Risk Report be noted.**

#### **15. Asbestos Management Update.**

The Head of Planned Maintenance and Construction Safety Manager attended for this report and the Committee heard the following points by way of introduction:-

1. As a result of a number of incidents being reported an investigation was undertaken into the management of asbestos across the whole of the Council including its housing stock and an actions plan was developed;
2. This action plan was actively monitored and the number of incidents had significantly reduced;
3. There would be a review soon and a risk rating would be follow.

The following points arose from discussion:-

1. The cost of asbestos management (not removal) was built in to all programmed works on a building;
2. Works were diligently managed in compliance with asbestos regulations in order to protect contractors and tenants;
3. It was noted that the figures had dropped on the risk register and this was due to the reduced exposure through training and processes to test where it was located. However this did not reduce the asbestos out there;
4. Asbestos was labelled in tenant’s homes and a record was kept. Labels were not placed on prominent places in the home but this policy was being reviewed;
5. Importantly contractors had access to BCC’s Risk Register and meetings took place in advance of any works in order to advise contractors if asbestos was present;
6. All work had to be signed off by BCC’s safety co-ordinator and spot checks took place to ensure compliance;
7. Tenants were advised to contact BCC if the asbestos started to disintegrate.



**Resolved – That the progress made to address asbestos safety management be noted.**

**16. Exclusion of Press and Public.**

**17. Internal Audit Assurance Summary – IT Transformation Programme (ITTP).**

The Committee considered the IA report and heard from the Director – Digital Transformation and the independent IT Auditor. A questions and discussion session followed and it was:-

**Resolved:-**

- 1. That the report be noted;**
- 2. That an update report be received for all future Audit Committees during 2019/20 Municipal Year.**

Meeting ended at 5pm.

