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Bristol City Council
Minutes of the Audit Committee meeting
29th April 2016 at 10 am

Present:

Councillors - Lesley Alexander, Mark Brain (Chair), Gary Hopkins, Olly Mead, Eileen Means, Jerome Thomas
Independent Member(s) – Ken Guy

Key officers/others in attendance:
Councillor Gollop - Deputy Mayor, Alison Mullis/Melanie Henchy-McCarthy - Chief Internal Auditor, Tony Whitlock - Principal Accountant (Corporate Finance), Harry Lawson - Interim Service Manager (Corporate Finance), Kay Libby - Service Manager (Strategic Planning), Steven Pendleton - Service Manager (Commissioning and Supplier Relationship Management), Bernadette Keen (Information Security Manager), Greg Rubins - BDO Accountants.

1. Apologies for absence and substitutions

Apologies received from Brenda McLennan (Independent Member).

2. Public forum

None received.

3. Declarations of interest

None declared.

4. Minutes of the Audit Committee held on the 11 March 2016

Resolved - that the Minutes be agreed as a correct record and signed by

the Chair.

Matter arising - Minute No 7 (Bristol 2015 Ltd)

The Chair added the following comment with regard to the discussion at the meeting on 11 March 2016 –

The Committee received a number of progress reports from Bristol 2015 Ltd, the Company set up to administer the funds, projects and programmes which ran throughout the year. The Committee believed the governance arrangements within Bristol 2015 were satisfactory overall but that these arrangements were insufficiently transparent, particularly in the early stages, and this lead to controversy. The Committee was of the opinion that companies set up by Bristol City Council in the future should learn lessons from the experience of Bristol 2015.

5. Action sheet

Actions were noted and updated. (A copy of the Action sheet is held on the Minute Book).

6. Work Programme

Resolved – that the Work Programme be noted.

7. Update on Information Security

The Audit Committee considered a report (agenda item 8) of the Service Manager (Commissioning and Supplier Relationship Management) regarding the information security risk to the Council.

The Committee was informed that since the last report there had been a notable increase globally in cyber related threats. Phishing E-mails which aimed to trick the recipient into handing over credentials or opening infected attachments were now being sent to most large organisations. In response the Council had implemented a number of technical and non-technical measures.

During the December 2015 the Council, along with a number of other large organisations within the region, had received a large number of Phishing E-mails. The Council's systems were not significantly compromised during the attacks and the Council's overall functioning and services were not affected. Nevertheless, the attacks and their impact did demonstrate a need for further security measures and for increased staff training.

Members welcomed the report and thanked all staff involved for their hard work and diligence. After subsequent discussion the Committee was assured that the increase in working from home and at weekends would not compromise information security as the Council‘s intention was to create an ‘anytime, any place digital work culture with full IT support being provided.

Resolved – that the report be noted.

8. Partnership Working in Bristol

The Audit Committee considered a report (agenda item 8) of the Service Director (Policy, Strategy & Communications) regarding the progress made in respect of a number of risks related to partnership working.

The Committee was informed that work had been undertaken to ensure good governance around the development of strategy/policy and the running of partnership boards. It was considered that this would have a positive outcome on the development of the City Vision and the Corporate planning process.

Members welcomed the report and suggested that the Council’s own trading companies should be included in the overall Plan.

Resolved – that the report be noted.

9. Accounting Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Audit Committee considered a report (agenda item 9) of the Service Director (Finance) regarding the accounting policies that would be used for 2015/16 including critical accounting judgements made and key sources of estimation uncertainty. This included changes in accounting policies that had been introduced as a result of amendments to the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. It also explained the requirement to include notes on critical accounting judgements and key sources of estimation uncertainty.

It was considered that greater emphasis should be placed on giving more open information in respect of trading companies owned by the Council, particularly with regard to recoverability from investment and assumptions made. This was to ensure that the Council’s reputation was maintained in the

event of a financial rescue being necessary. The External Auditor confirmed that this would be closely monitored.

Concern was expressed about council property not appreciating in value, however the Committee was advised that recently there had been major valuation gains. Valuations of property also covered transfer of assets eg, academy schools from LEA control. After some discussion agreed that transfer of assets and liabilities should be put on the work programme for next year's audit committee.

Resolved – that the accounting policies that to be used in preparing the 2015/16 be approved and the critical accounting judgements made and key sources of estimation uncertainty be noted.

10. BDO's Fee letter for 2016/17

The Audit Committee considered a report (agenda item 10) of the Service Director (Finance) regarding the external accountants proposed audit fee and outline programme for 2016/17.

Resolved – that the report be noted.

11. Draft of Internal Audit Plan 2016/17

The Audit Committee considered a report of the Chief Internal Auditor (agenda item 11) with regard to the draft Internal Audit Plan which was currently out for consultation.

After some queries had been raised the Committee was asked to let the Internal Auditor have any views or comments on the draft Internal Audit Plan by e-mail as soon as possible.

Resolved – that the report be noted.

12. Annual report Risk Management

The Audit Committee considered a report of the Chief Internal Auditor (agenda item 12) about progress and areas for future development regarding risk management arrangements for the City Council.

Resolved – that the report be noted.

13. Audit Committee - Draft Annual report to Council 2015/16

The Audit Committee considered a report of the Chief Internal Auditor (agenda item 13) about the Committee's draft annual report to Full Council which referred to its role, work progamme and a facility to provide key assurances to the Council. The report also detailed the planned development of the Committee to strengthen the level of assurance provided in the future.

The Chair amended the Foreword to the report, in relation to Bristol 2015 Ltd (Green Capital), as follows -

'The Committee received a number of progress reports from Bristol 2015 Ltd, the Company set up to administer the funds, projects and programmes which ran throughout the year. The Committee believed the governance arrangements within Bristol 2015 were satisfactory overall but that these arrangements were insufficiently transparent, particularly in the early stages, and this lead to controversy. The Committee was of the opinion that companies set up by Bristol City Council in the future should learn lessons from the experience of Bristol 2015.'

The Chair reminded members that the occupants of the Internal Auditor position could not be dismissed without the approval of the Audit Committee, this was to ensure that the Internal Auditor could audit the Council's work in a transparent, open and unfettered manner. It was considered that this protection should be extended to any Directorate restructuring plans which would necessitate the current incumbent(s) of the Internal Auditor post having to apply for their own positions.

Resolved – that the report be noted.

14. Draft Annual Governance Statement 2015/16

The Audit Committee considered a report of the Chief Internal Auditor (agenda item 14) in respect of the draft Annual Governance Statement and Action Plan 2015/16.

The Committee was informed of the progress that had been made in improving Corporate Risk Management arrangements during 2015/16 and of an Action Plan to further develop risk management arrangements and ensure that they were both integral and effective. Following discussion it was considered important to retain the Metrobus Project in the Action Plan and on the Risk Register.

The Committee also requested that an update on the Finance Action Plan be brought to the Audit Committee at its annual general meeting in June, and

also further update reports be brought, as necessary, on an intermittent basis throughout the municipal year.

Resolved –

1. That the draft Annual Governance Statement together with the updated Action Plan, subject to retention of Metrobus in the Action Plan, be agreed as a fair reflection of the internal control and governance environment during 2015/16 and to date, prior to it being finalised and signed by the Mayor, the City Director and the s151 Officer in July 2016;

2. That an update on the Finance Action Plan be brought to the Audit Committee at its annual general meeting in June, and also further update reports be brought, as necessary, on an intermittent basis throughout the municipal year.

15. Members Standard items

No items to consider

16. Information Items

No items to consider

The meeting ended at 11.50 am

Chair