

# Bristol City Council

## Minutes of the Audit Committee

(Remote/Zoom) Meeting  
25<sup>th</sup> January 2021 at 2.00 pm



### Members Present:-

Councillors – Mark Brain (Chair), Geoff Gollop (for Liz Radford), Chris Jackson, Tim Kent, Olly Mead and Clive Stevens (Vice Chair)

Independent Members – Adebola Adebayo and Simon Cookson

### Officers in Attendance:-

Denise Murray (Director Finance and Section 151 Officer), Simba Muzarurwi (Chief Internal Auditor), Alison Mullis (Head of Internal Audit), Michael Pilcher (Finance Business Partner), Tony Whitlock (Finance Business Partner), Tim O’Gara (Head of Legal and Democratic Services), Steve Sandercock (Interim Head of Procurement), Phil Eames (Audit Manager), Jon James (Head of Natural and Marine Environment), Lee Hannon (Strategic Supplier Relations), Tony Nicholls (Harbour Master), Simon Oliver (Director Digital Transformation), Ben Hewkin (Head of Information), Jan Cadby (Risk Manager) and Norman Cornthwaite (Democratic Services)

### Also in Attendance:-

Councillor Craig Cheney (Deputy Mayor - Finance, Governance and Performance)

Jon Roberts (Grant Thornton), Ginette Beal (Grant Thornton) and Jackson Murray (Grant Thornton)

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

Apologies were received from Councillor Radford, substitute Councillor Gollop.

## 2. Declarations of Interest

The following declarations were made and noted:

Councillor Tim Kent – A member of his family has an EHCP.



Councillor Chris Jackson – Sits on Corporate Health and Safety.

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

It was noted that Councillor Nicola Bowden-Jones' name should not have appeared on the Agenda as she is no longer a Member of the Audit Committee.

Although the Minutes were not available, Councillor Stevens stated that he had raised an issue about the Head of the Mayor's Office and had been advised by the Head of Legal and Democratic Services that this issue was a matter for the Mayor.

### **4. Action Sheet.**

This was noted.

### **5. Public forum**

Questions

In respect of Question 2 Suzanne Audrey's supplementary question related to whether or not the Committee were confident that their concerns had been addressed and Members stated that they were not.

In respect of Question 3 Suzanne Audrey's supplementary question related to whether or not the Council should pay for a "Labour Party advert". In response the Chair explained that the Mayor had been elected on a manifesto which had then become Council Policy and that therefore there was no conflict in the Council paying for a message from the Mayor.

Statements

These were noted.

### **6. Work Programme**

Noting the large Agenda proposed for the Meeting on 22<sup>nd</sup> March 2021 it was agreed that an extra Meeting should be arranged - in say the first week of March. It was also agreed that a Briefing for Members on the Accounts should be arranged.

**Resolved – that an extra Meeting of the Committee should be arranged as well as a Briefing for Members on the Accounts.**

### **7. Grant Thornton Audit Progress Report**

The External Auditor (Grant Thornton (GT)) Representative introduced the report and summarised it for everyone.

Questions were then answered and comments made including the following:



- In the context of this report, PPE refers to Property, Plant and Equipment
- At present GT are satisfied that Goram will be able to pay back the loan from BCC, however BCC should continuously monitor Goram and review their performance against their Business Plan to ensure that this continues to be the case
- It was noted that as Goram are making an initial loss and that the loan to BCC will have to be paid back from future income
- GT confirmed that the Audit Committee will be provided with information on the Bristol Holding Accounts
- A question was raised relating to the treatment of the 2019/20 ROCs payment in the former Bristol Energy 2019/20 published accounts, due to its payment date being after the end of the financial year – it was agreed to report back to the Committee;
- Details of the loss made by Goram will be in the accounts – it was less than £1m.

**Resolved – the report be noted.**

## **8. Grant Thornton Value for Money Report 2019/20**

### **(1) Value for Money Audit Findings**

The External Auditor (Grant Thornton (GT)) Representative introduced the report and summarised it for everyone.

Questions were then answered and comments made including the following:

- The report was well received by the BCC Management who are open to the challenge that it presents; it was noted that there is good co-operation from Officers
- It was confirmed that there is work for Scrutiny in relation to the EHCP issue
- Although there is a question relating to where the Schools Grant deficit should sit, the most important thing is that the issue of the deficit has to be addressed
- The challenge of slippage on capital projects is common for local authorities; it is important to identify a strategic partner to work with; it was confirmed that a strategic partner has been appointed
- Although Covid has impacted on the Savings Programme, it is still being carefully monitored and reshaped or remodelled as is required
- Further information relating to the funding of enabling work by developers paid for by the Capital Programme will be provided

### **(2) Review of Governance Arrangements**

The External Auditor (Grant Thornton (GT)) Representative introduced the report and summarised it for everyone.

Questions were then answered and comments made including the following:



- In relation to “Other Funding” in Table 1, this refers to money that was made available to Bristol Energy but may not have been used
- Governance recommendations relating to Bristol Energy should be applied to all BCC Companies; the issue of Councillors sitting on boards and being provided with the relevant training is being addressed; there were specialists on the Bristol Energy Board
- Bristol Holdings has provided information relating to Risk Management, Governance and planned improvements
- The Audit Committee should oversee Risk Management and have sight of Risk Assessments whether exempt or not
- It was confirmed that the Audit Committee should have whatever information it needs to discharge its duties and carry out its responsibilities
- It was noted that there appears to be a discrepancy between the 2017 National Audit Office Guidance and the 1972 Local Government Act; it was suggested that a Working Group be established to consider this issue; the membership could include Representatives of Grant Thornton, the Monitoring Officer, Internal Audit and Members of the Audit Committee
- The report and its recommendations are pertinent to all BCC organisations and lessons need to be learnt; a problem for the Audit Committee is that it may not know about the existence of all the information that it needs
- There was some criticism of the BCC Management response to report and its Actions; No. 2 – it was considered that Members of the Audit Committee should be provided with more exempt information; No. 9 – it was considered that the Members of the Audit Committee should be provided with exempt information which later appears in the public domain; No. 10 – concerns were raised that no response appears to have been made to this recommendation; No. 11 – providing appropriate training to Members should be a priority
- The report was generally considered to be good and containing clarity
- It was noted with concern that an out of date Business Plan had been used for decision making purposes
- In relation to the Governance Structure contained in the report, it appears to show that “Audit” and “Scrutiny” are not part of the BCC Decision Making System – there needs to be modification of the Structure
- There were concerns that experts advising the Company and BCC did not take action when the Company was making a loss
- Implementation of the Actions specified in the report provides an opportunity to move forward
- Although the report suggests a latest date of October 2021 for the implantation of the Actions, it is intended that the Actions will be implanted as soon as possible as part of a Governance Review; all the actions are welcomed and will be implemented; a report on the implantation will be brought back to the Committee in mid year
- It was agreed that the Chair, Vice Chair and one of the Independent Members should receive informal briefings from Officers

**Resolved – that the report be noted.**

## 9. Internal Audit Update

The Chief Internal Auditor introduced the report and summarised it for everyone.

Questions were then answered and comments made including the following:



- It was considered to be a good report however there were concerns about the findings of weaknesses and the loss of income; the issues should have been picked up before Internal Audit became aware
- It was confirmed that the issues are being worked on, that the systems are being looked at and the issues were known about before they came to Internal Audit
- Harbour Review – The Head of Natural and Marine Environment explained that the loss of income has been identified and that it had now been decided that this issue would be addressed by invoicing for the income not previously received
- Telecoms Contracts – The Director Digital Transformation explained that the discrepancy had occurred because the supplier was operating two financial systems and there had been a mix up when data was transferred from one system to the other; the issue has now been addressed and resolved

**Resolved – that the report be noted.**

## **10. Q3 2020/21 Corporate Risk Report Update**

The Risk Manager introduced the report and summarised it for everyone.

Questions were then answered and comments made including the following:

- There are no exempt risks and all risks are reported to the Audit Committee
- The Risk Register is part of the Budget Report
- The Tolerance Level is the level of risk that BCC accepts
- Given our operating environment, fraud is an inherently high risk and the Tolerance Level reflects this
- There was concern that some Risks may be rated low – for example SEND is Yellow; this would be referred back to the Risk Owner
- In response to a question concerning training for Members, it was confirmed that the Induction Programme for New Councillors includes appropriate training

**Resolved – that the report be noted.**

## **11. Contract Management Update**

**Resolved – that consideration of this report be deferred until a future Meeting of the Committee.**

### **Councillor Clive Stevens**

Councillor Stevens announced that for reasons of ill health he would be resigning as a Councillor on 31<sup>st</sup> January 2021. He was thanked for his work and tributes were paid to him.

Meeting ended at 5.15 pm.



Chair

