

Bristol City Council

Minutes of the Audit Committee

24 June 2021 at 2.00 pm



Members Present:-

Councillors: Gary Hopkins (Chair), Marley Bennett, Tony Dyer, John Geater, Zoe Goodman, Katy Grant, Jonathan Hucker, David Wilcox, Adebola Adebayo and Simon Cookson

Officers in Attendance:-

Simba Muzarurwi (Chief Internal Auditor), Denise Murray (Director - Finance & Section 151 Officer), Alison Mullis and Michael Pilcher

1. Welcome, Introductions and Safety Information

The Chair led introductions and gave the safety information.

1. Apologies for absence.

None received.

1. Confirmation of Chair

It was NOTED that Councillor Gary Hopkins was elected Chair of this committee for the 21/22 Municipal Year.

1. Confirmation of Vice-Chair

Due to an administration error, the Vice-Chair appointed at Full Council is unable to sit on this committee.

RESOLVED Councillor Tony Dyer is appointed Vice-Chair of this committee for the 21/22 Municipal Year.

1. Committee Membership

Due to an administration error, Councillor Paula O'Rourke was appointed to this committee but is not able to attend as she is now a Party Group Leader.



Councillor Katy Grant was appointed as an Audit Committee member.

The membership was NOTED.

1. Membership of the Values and Ethics Sub-Committee

Councillor Tony Dyer was appointed as the Green representative for the Values and Ethics Sub-Committee.

The Sub-Committee membership was NOTED.

1. Terms of Reference

There was a misprint on the first published Terms of Reference. The Audit Committee has 9 elected members, not 7.

The Terms of Reference were NOTED.

1. Dates of Future Meetings

The Dates of Future meetings were NOTED.

The Chair noted that the committee may need informal meetings between official dates as required. The August meeting is a fallback date if needed. The Chair noted that proper planning was essential for the committee to run smoothly. Reports should be published on time so that members can see them and submit questions to officers ahead of the meeting. We want to avoid the habit of officers being asked a question at committee that they are unable to answer within the meeting.

1. Declarations of Interest

None received.

1. Minutes of Previous Meeting

There are now no elected members on this committee that were present at the 22 March Audit Committee, so were unable to confirm whether the minutes were an accurate record. The independent members said they believed the record was accurate, but they do not have the ability to vote in committees.



ACTION OH to send minutes to previous Audit Committee Members for confirmation so Chair can sign them off.

1. Action sheet

Action 1. Members will decide whether to add these items to the work programme.

Action 2. Complete.

Action 3. Completed this week, chair has received a copy of the reply.

1. Public Forum

Question 1: Access to Information (Clive Stevens)

Cllr Tony Dyer read the questions on behalf of Clive Stevens, who was unable to attend due to Covid restrictions.

Chair's response:

Firstly, I think he raises a good point that information has not come to the committee previously and I hope that these issues are now addressed. The Value for Money investigation concerning Bristol Energy resulted in a special working group to report on whether the right actions are being taken. The working group report was submitted to Full Council by me as the Chair. I am hopeful but not completely assured that we are moving in the right direction on access to information.

There has been a general point of information being restricted because of commercial confidence without further explanation or evidence. I ask audit members to be sceptical about exempt information and about the definitions of exemption being too wide. We have not yet seen the final Bristol Energy report, however the External Audit Value for Money report was very helpful. We are waiting to see the final outcome and if it will be a public interest report.

Discussion notes:

- The Monitoring Officer provided assurance to members that information access is taken very seriously, and all reports are classified following legal advice. The MO is confident in the legal team and that the classification process is robust.
- Value for money is part of audit work, and committee members can ask for information related to that if needed. Appendix 1 in the Access to Information report (Item 18) is not restrictive but illustrates what the committee should be getting.
- Members should focus on what we do from now while learning lessons from the past. The committee will need a lot of collaboration between all members across parties.

Question 2: Land Valuation (Helen Powell)

Finance Officers gave a published written response to this question and gave the following comment in the meeting:

- In previous responses the process for land valuation was not explained properly, leading to some confusion. While all land goes through the same valuation process, the nature of a lease can change this. E.g. for Kellaway Avenue the land was assessed before a lease agreement, so the figure represents the full value. When Stoke Park was assessed, the lease was already in place.



1. Work Programme

The Chair requested a meeting with members and officers after this meeting to discuss what items should be added to the work programme. ACTION

1. External Audit Progress Report

Grant Thornton introduced the report and highlighted the following points:

- The update today is in two parts, the Annual audit letter which is a summary of last years' work and the analysis of fees.
- We gave an unqualified audit opinion during this period which reflects the depth of challenge in the audit and engagement with officers.
- The audit focuses on materiality, which is determined at 1.14% of group cost. £14.3m may appear to be a big figure but is reasonable in the context of the BCC overall budget. If there are concerns about items exceeding the material threshold, we bring it to your attention.
- GT gave a summary of some of the key risks identified in the audit report.
- GT can and does bring in subject area specialists for improved assurance.
- The Value for Money report is not restricted to Bristol Energy, but financial resilience more generally and other big issues such as the SEN service. Bristol Energy needs a full report. This part looked at the middle period when BCC decided to sell.
- Reflection is needed on what to include in the full BE report and a view will not be taken until there is further testing. GT should be able to update the committee with the report scope in July.
- Regarding the fee report, all fees are set independently by Public Sector Audit Appointments (PSAA). They are not a matter for the Audit Committee's approval. Prices were originally pitched in 2017, but things have changed considerably since then.
- There is an expectation that audit is more intense, with better quality and volume, including more specialists. These figures show the original scale fee plus variations, which are subject to PSAA approval.

Discussion Notes:

- An estimated scope for the final Bristol Energy report should be ready by the July committee. The External Auditor gathers information then decides scope and format. A Public Interest Report comes under quasi-judicial powers and is very rigorous. The EA will consult with all officers dealing with an area not just managers. They take around 4 months to complete.
- It is important that the report tells the whole story in the way public can understand. The EA has a duty to the public so the report will be accessible. The EA welcomes questions from committee members where relevant.
- There was a discussion about how Covid affected BCC finances and whether the external auditor was content processes were in place for a recovery. The EA looks backwards to form a view, so the current report covers the period pre-lockdown. The next reports will cover the Covid period.



1. Internal Audit Annual Report

Simba Muzarurwi introduced the report and highlighted the following points:

- This is an annual report from the Chief Internal Auditor which informs the Annual Governance Statement about effectiveness of risk management and control.
- Reasonable assurance can be given for 20/21 that BCC general controls are adequate. This is an improved position and reflects BCC tackling long outstanding issues.
- At the next committee, Internal Audit will bring issues of limited opinion not previously considered by the committee. This will give AC an opportunity to look at issues raised.
- BCC is a large organisation in a challenging environment so there will always be risks that need managing. Areas identified as requiring improvement areas must be tackled and given proper resources.
- The improved opinion reflects a good journey over a 5-year period. It has been a very hard time during Covid. BCC has been responding to the pandemic while dealing with entrenched issues. Some changes made will take time to embed. The independent report shows management taking appropriate action, especially regarding improved communication.

Discussion notes:

- The independent members assured new members that the pattern of previous reports would show a trend of improvement.
- A few of the current limited assurance items should change in due course. There are some good metrics on actions that have been implemented. It would be useful to have an extract of outstanding issues for new members.
- On the assurance map, how are these risks being improved? Not clear. This reporting is done at management level, so we happy to replicate for committee. ACTION SM
- There was a discussion about the assurance map, including affordable housing supply and the low assurance on corporate health and safety. There will be a health and safety report in July.
- The Value for Money work from the external auditor covers the capital portfolio. CLB do receive this work in detail about how we can maintain progress, with detailed reviews. Will come back to AC so they can deep dive. ACTION DM
- IT was recommended that audit committee members look at the risk registers to identify subjects that they would like to add to the work programme.

1. Annual Fraud Report 2019/20

Andrea Hobbs presented the report and highlighted the following points

- This report covers 20/21, shows work undertaken in the year and established priorities for the year ahead.
- All activity has been impacted by the pandemic, the team has been concentrating on analysing local business grants for fraud. There have been £145m grants to local businesses and this work ongoing.
- The team have won a national award on their approach to tenancy fraud.



- The audit review includes how we can improve fraud management, we want staff to be confident in the process.
- The savings table shows money we can collect through debt management in the first column. Notional savings are mainly about tenancy work, as we cannot cash a property being used incorrectly, but can put out for use straight away. Right to buy is discount on a particular property.
- We have recently appointed a data analyst and an intelligence officer.
- The priorities for the year include more on awareness of fraud for BCC staff and a new e-learning module.

Discussion notes:

- Members congratulated the fraud team for winning a national award.
- There were significant proportions of whistleblowing incidents that were unsubstantiated. While high for this period, it is difficult to make blanket statements about accusations generally. These were accusations of fraud but with no evidence.
- Procurement fraud accusations are difficult to prove. While procurement fraud nationally is high, it is comparatively low in Bristol. There is a procurement strategy being drafted.
- There are many covid grants so detecting fraudulent activity is an ongoing challenge. It was important to get grant funding out as fast as possible to keep local businesses afloat.
- Members were cautioned about discussing anti-fraud tactics in detail within a public meeting as this could hamper future work.

1. Review of External Inspections of Council Services 2020-21

Ben Mosley introduced the report, summarised it for the committee and invited questions from members.

- Regarding first inspection on SEN and disabilities (5.9). The report states that milestones are 89% on track. We are beyond January now, so was that figure achieved?
- Similarly, on (5.11) 80% of 56 milestones are achieved or on track to be achieved within summer term. Please can we have an update on this figure once summer term is finished?
- On (7) inspections of children homes. 6 homes are listed with covid 19 changing nature of inspections. Was there any focus on how lockdown has affected the welfare of these children?
- There was a discussion on Special Educational Needs provision. A detailed commission on SEN is happening at people scrutiny, but Audit Committee can request an assurance report from them on that work.

1. Access to Information

Tim O’Gara introduced the report and highlighted the following points:

- New members are advised to look at the report contained in the 23 November 2020 audit committee papers that sets out the legal framework for access to information.
- The MO acknowledged that access to information can be nebulous sometimes and welcomed questions from members.



- This report seeks to provide assurance that Audit Committee can access the information necessary to discharge their responsibilities. The appendix shows the types of information the committee can request.
- Risk registers are a good place to start, e.g. the Corporate Risk Register that was reported to cabinet this week. If there is any topic within the register that interests Audit Committee, they can put it on the work programme and request the relevant information.

Discussion Notes:

There was a discussion about committee being notified immediately if a high risk added to the register. The S.151 Officer confirmed that this could be done by the relevant officers.

Meeting ended at 4.00 pm

CHAIR _____

