

# Bristol City Council

## Minutes of the Audit Committee



22<sup>nd</sup> July 2016 at 9.30 am

### **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 Members: Brenda McLennan, Ken Guy.

### **Members Present:-**

Councillor Nicola Beech; Councillor Nicola Bowden-Jones; Councillor Gary Hopkins; Councillor Olly Mead; Councillor Liz Radford; Councillor Stephen Clarke.

### **Officers in Attendance:-**

Alison Mullis/Melanie Henchy-McCarthy - Chief Internal Auditor, Janet Ditte Service Manager (Finance Business Support), Matthew Hepenstal - BDO Accountants

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

Apologies were received from Councillor Stevens (substituted by Councillor Clarke), Councillor Godwin, Ken Guy and Brenda McLennan.

### **2. Declarations of Interest**

None were declared.

### **3. Minutes of 24 June 2016**

The Minutes of the 24 June 2016 were agreed as an accurate record.

### **4. Action sheet of 24 June 2016**

Actions were noted.

### **5. Public Forum**

The Committee received a statement from Councillor Donald Alexander about the ongoing relationship between the City Council and the Bristol Port Authority in the light of recent changes to that relationship and the interests of the residents of Avonmouth & Lawrence Weston ward (*a copy of the full statement is on the Minute book held by Democratic Services*).

The Committee noted that the Interim Service Director (Legal) had said that the matter would be considered by the Whips and should go on the agenda for their next meeting. The Chair asked that the Interim Service Director (Legal) look into this matter and respond to Councillor Donald Alexander.



## 6. Work Programme

The draft Work Programme was considered. Additions were Honorary Alderman report and Ombudsman Annual report.

### Resolved:

**That, subject to the above, the Work Programme be noted.**

## 7. Finance Improvement Plan

The Committee received a report from the Interim Service Director (Finance) about the refreshed Finance Improvement/Project Plan and progress towards delivery of required outcomes.

The Committee noted that the recently appointed S151 officer for Bristol City Council had commissioned a full review of the Finance function to ensure the Council received a professional and efficient finance support service. The review had reaffirmed some of the known issues and identified new areas of work which had been incorporated into the Improvement Plan. The Plan had also identified the key Council Projects that the Finance Team needed to support to facilitate the management of resources.

During subsequent discussion, the following points were made/clarified:

1. The review had focussed primarily on processes and practices, the budget status was not included in the Plan;
2. Responsibility for future budget pressures remained with the Elected Mayor however the process would be guided by each Directorate making proposals for future spending patterns following the Mayor's 'budget conversation';
3. The Medium Term Financial Plan (MTFP) would be over a period of five years;
4. The MTFP budget assumptions would be subject to scrutiny followed by public consultation before presentation to Full Council for approval;
5. The Committee felt that it was essential that the budget process and proposals by officers in Directorate's was both realistic and achievable and that all participants were able to debate issues in an open engaging environment;
6. Members noted that the RAG system had a time lag due to the review process and asked that some jargon in the text be more clearly explained.

### Resolved:

**That the refreshed Finance Improvement/Project Plan, and progress towards delivery of required outcomes, be noted.**

## 8. External Audit - progress report

The Committee received a report from the Interim Service Director (Finance) setting out the progress to date in relation to audit work planned for 2016 by BDO external auditors, including the audit of the Statement of Accounts for the year ended 31 March 2016.



**Resolved:**

**That the BDO external audit report setting out progress to date in relation to audit work planned for 2016, including the audit of the Statement of Accounts for the year ended 31 March 2016, be noted.**

**9. Internal Audit Annual Report 2015/16**

The Committee received a report from the Chief Internal Auditor which provided details of the work completed by Internal Audit during 2015/16 and the Chief Internal Auditors opinion on the control, risk and governance environment.

The report provided details of the work completed by Internal Audit during 2015/16 and the Chief Internal Auditors opinion on the control, risk and governance environment. Areas of significant risk exposure were identified in the report together with details of Internal Audit Team Performance. The Chief Internal Auditor clarified at paragraph 3.3.2 that it was the Council's governance arrangements that were reviewed and referred to.

During subsequent discussion, the main areas identified for closer attention were as follows:

1. Bank reconciliation & Income Manager - noted that despite two follow up reviews issues remained. The Committee therefore requested that a report be brought to the Audit Committee as soon as possible so that the issues could be more closely examined;
2. Business Continuity Planning/Disaster Recovery - noted that business continuity arrangements remained ineffective and had failed to align planning with corporate objectives. The Committee therefore requested that a report be brought to the Audit Committee as soon as possible so that the issues could be more closely examined;
3. Social Value - suggested that it be integrated/linked with budget pressures and the Commissioning process to allow for proper scrutiny;
4. People Directorate over spend – noted that this was a cause for concern and was therefore included in the Audit plan.

**Resolved:**

1. **That, subject to the comments made, the Internal Audit Annual Report for 2015/16 report was noted;**
2. **That reports relating to Bank reconciliation & Income Manager and Business Continuity Planning/Disaster Recovery be brought to the Audit Committee as soon as possible for closer examination.**

**10. Annual Governance Statement - Action Plan update**

The Committee received a report from the Chief Internal Auditor about the Annual Governance statement action plan update.

The Committee noted that of the nine items within the Action Plan, one was recommended for removal, four had not progressed enough to reduce the level of governance risk, one had an increasing level of risk and three were new matters arising identified in the latter end of 2015/16.



Issues discussed were –

1. Members emphasised the need for greater public engagement in council meetings and explored options for doing this which included advertising of meetings in papers, in libraries, leafleting and use of social media. The Committee was advised that this was a wider issue and the Chief Internal Auditor suggested that this be referred to the Corporate Communications team however members felt that first this should be given scrutiny by the Overview & Scrutiny Management Board (OSMB);
2. City Council elections work was completed successfully despite intense period of activity however the Committee felt that this item should remain on the AGS. In the meantime it was requested that a briefing be arranged in relation to 'How democracy works' for all council members.

**Resolved –**

**That, subject to the comments made, the Annual Governance Statement-Action Plan, be noted.**

### **11. Corporate Risk Register Update – July 2016**

The Committee received a report from the Chief Internal Auditor about the Corporate Risk Register after its latest update. The register demonstrated how the Council was currently facing some big risks, with risk levels being increased in many areas.

The Committee noted that the Risk register demonstrated that the Council was currently facing some large risks and that risk levels were increasing in many areas. It was anticipated that the register would be reviewed quarterly by the Strategic Leadership Team with the Audit Committee receiving a twice yearly update.

The Committee asked that for the future flooding risk associated with redevelopment be included and given emphasis.

**Resolved –**

**That, subject to the comments above, the Corporate Risk Register be noted.**

The meeting finished at 12.30 pm.

**CHAIR**

