

**Bristol City Council  
Minutes of the Audit Committee**

**24 July 2023 at 3pm**



**Members Present:-**

**Brown (Chair), Dyer (Vice-Chair), Breckels, Cole, Goodman, Hucker, Poultney, Smith (substitute for Councillor Geater) and Wilcox.**

**Independent Members of the Committee:** Adebola Adebayo and Simon Cookson

**Officers in Attendance:-**

Denise Murray – Director of Finance, Sarah Chodkiewicz – Head of Financial Management, Simba Muzarurwi – Chief Internal Auditor (CIA), Richard Young – Head of Strategic Finance, Alison Mullis – Deputy Chief Internal Auditor, Allison Taylor – Democratic Services

**Also in attendance:-**

Hugh Evans – Director Adults and Communities, Steph Griffin - Director Workforce and Change, Christina Czarkowski-Crouch – Head of Safety, Health & Wellbeing, Pete Anderson – Director, Property, Assets & Infrastructure, Jon Roberts, Beth Bowers & Ginette Beal – Grant Thornton, Joachim Adenusi – Risk & Insurance Officer, Phil Eames – Audit Manager, Kevin Smith – Operations Manager Revenue, Melanie Watson – KPMG

**1 Welcome, Introductions and Safety Information**

The Chair welcomed all parties to the meeting. The Committee noted the emergency evacuation procedure for the Council Chamber if required.

**2 Apologies for absence.**

Apologies for absence received from Councillor Geater with Councillor Smith as substitute.

**3 Declarations of Interest.**

There were none.



#### **4. Minutes of Previous Meeting.**

**Item 5 – Confirmation of Vice Chair.** It was noted that this should read *'It was noted that Councillor Dyer had been appointed as Vice Chair of Audit Committee by Full Council on 9 May 2023.'*

**Item 15 – Internal Audit Annual Report 22/23.** To add bullet point *'It was agreed to add Procurement Breaches to the Work Programme and to also arrange member briefings after the July Audit Committee.'*

**RESOLVED – that, subject to the amendments noted above, the minutes of 30 May 2023 be approved as a correct record and signed by the Chair.**

#### **5. Action Sheet.**

This was noted.

#### **6. Public Forum**

It was noted that Public Forum Statements and Questions would be considered at the beginning of the respective item to which they related.

#### **7. Work Programme**

The Committee noted the Work Programme for future meetings and in particular that the Companies would report to the September Committee.

#### **8. Interim Auditors Annual Report on Bristol City Council 2021/22 & 22/23.**

The Committee noted the response for the questions submitted by Suzanne Audrey and the Chair invited a Supplementary Question.

**Suzanne Audrey - Supplementary Question –** 'Is it possible that there will be a default position of disclosure to the public for the lessons learned report on the Bristol Beacon unless there is something commercially sensitive?'

**Response from the Director – Finance –** 'The report will be shared unless the Monitoring Officer decides there are parts which can't be shared due to commercial sensitivity – the commitment is there.'

Petition on the Bristol Beacon. – Suzanne Audrey spoke to the submission and it was:-

**Resolved – That the content of the petition be noted & it be referred to the Mayor's Office for consideration.**

The report was summarised for the benefit of the Committee and the following points were highlighted:-



1. There had been a backlog of external audit work at a national level and stakeholders had worked to find a practical solution;
2. One solution was a backstop. Where there had been multiple years of unsigned audit opinions the most recent year would be worked on in order to provide an open and closing position for that year. It was noted that BCC's accounts were only delayed by a couple of months whereas other LA's were in a far worse position; Another solution was to not include pensions and property valuations as they did not drive Council tax levels. These were both welcome developments.

The following points arose from discussion:-

1. The Dedicated School's Grant (DSG) deficit would be £128M if nothing was done. Officers had worked with Stakeholders and the Schools Forum and devised a plan of proposals which would result in a reduction of the deficit to £49M for 23/24. The DfE had not stated any clear position at this stage. The DfE had signed off on a 3 year safety valve programme to work with LA's to more effectively manage their DSG's. Officers were working with a number of different elements and making really good progress so that the 3128M deficit did not happen. It was noted that the DSG position was reported to every Schools Forum meeting. The Committee noted that the Director of Children's Services would be leaving and sought assurance that in the interim period this work would be driven forward. The Director Finance agreed to share the the governance document of Our Families Board with the Committee so that the Committee could be assured of the number of officers involved in this work;
2. The representatives for GT stated that here were no clear trends identified for identifying savings. There was a need (as with all LA's) to start the process earlier, be bolder and have higher expectations of what can be achieved. It was noted that the BCC had made improvements on this work last year. Regarding the DSG BCC had recognized there was an issue and was working with the Schools Forum to mitigate but the numbers were big and had the potential have a bearing on the overall budget;
3. For the new Committee system the monthly budget reports would be timetabled for the relevant Committees;
4. There was some discussion regarding the interest rate used for borrowing on the Bristol Beacon. The Director Finance stated that Ernst Young were independent consultants and would not put their own reputation at stake by inaccurately reflecting the position;
5. It was noted that there was a full, detailed report of all the additional works which had been required during the reconstruction of the Bristol Beacon;
6. The Committee noted that great steps had been made to strengthen the procurement processes for BCC. The contract management system was now in place along relevant frameworks, forward planning, and induction and relevant training for staff. All these arrangements would help bring about full compliance;
7. GT reported that there were no particular trends or reasons for the high level turnover of finance staff;
8. It was noted that there were some improvement recommendations carried over because they were long term issues which take time to resolve;
9. GT reported that it was becoming harder to identify savings and they invariably came through transformation. A dashboard mechanism was being used to monitor demand pressures and to ensure they were being addressed;
10. Reference was made to Adult Social Care and an agreed review of lessons learned progress made on the 2021/22 transformation programme which was expected in April 2023 and had yet to be delivered. The Director Finance agreed to report back when this would be undertaken;
11. It was noted that paragraph 2, Page 43 of the GT report was incomplete;
12. GT reported that the independent inquiry into Bristol Beacon should have commenced in June 23 with a phased approach completing in January 24.



Councillor Poultney arrived.

**Resolved - That Grant Thornton's Interim Auditors Annual Report for 2021/22 and 22/23, focusing on their value for money assessment, along with an action plan agreed by management be noted.**

The Chair agreed to change the order of the agenda and to consider item 13 at this point.

## **9 Q1 2023/24 Corporate Risk Report Update.**

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. It was agreed to review the suggestion that the Corporate Risk Register would be easier to analyse if the risk was shown always decreasing;
2. It was confirmed that the DSG overspend risk was part of the overarching corporate financial risk which was CRR13;
3. It was noted that the Business and Budget Planning Board would develop a MPFT and was an internal officer group looking at business plans;
4. The Director Finance reported that the first year of the CIPFA Code had been a journey towards compliance and for the last two years there had been full compliance;
5. With reference to Page 11 – CRR13 Threat Risk – the Committee was assured that all processes had begun including Task and Finish Groups and would be reported back at the next quarter report;
6. It was noted that there were ongoing conversations regarding opportunities in relation to CRR13;
7. CRR18 – it was agreed to respond outside of the meeting regarding the reason for the narrative stating 'economically active residents' instead of just 'residents';
8. It was agreed that the Committee would receive a deep dive report at the September meeting on CRR13.

**Resolved – That the Q1 2023/24 Corporate Risk Report be noted.**

## **10. Internal Audit Update Report.**

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. In response to a comment regarding the monitoring being insufficiently robust the CIA stated that it was inevitable that some actions took time to embed and the partial implementation status is appropriate. Testing is undertaken to obtain sufficient evidence that confirm the status of the actions and management's word alone was not accepted as evidence. There were always room for improvements but he was comfortable with the method of monitoring and reporting;
2. Before passing an official judgment, robust discussions with management are held which are followed up with evidence regarding how complete an action was.

**Resolved - That the Internal Audit Update Report highlighting the planned key activities for Quarter 2 and the implementation of agreed management actions be noted.**



## 11. Internal Audit – Exceptions Report.

Appendix 1 was summarised by the Audit Manager and the Head of Financial Management gave the Committee on the actions that had already been completed and those that were still work in progress and the following points arose from discussion:-

1. The Director Finance confirmed that there had been a need to clarify explicitly the definition of a saving so that it was fully understood as savings came from efficiencies and income generation;
2. There was a monthly monitoring report to the Delivery Executive and detailed reports to Cabinet. At year end the tracker was updated and officers confirmed if savings had been delivered.

Appendix 2 was summarised by the Audit Manager and the Director Adults and Communities updated the Committee on the actions being taken to address the issues identified and the following points arose from discussion:-

1. The overall marker for demand in the service was the bottom line. There was a need to mitigate demand. Spend was high in the South West for adult social care and this was related to over prescription. This was under constant review to get the level of need down to the appropriate level after leaving hospital. Work was underway to develop local providers to obtain better value.
2. In response to the finding that the Head of Service was not confident that managers were able to manage their budgets the Director – Adults and Communities stated that there was an expectation and this was a criteria in the job description. Systems had changed in order to develop simpler ways to work and obtain contemporaneous information;
3. Work was underway to create a means of monitoring spend in context of the overall budget;
4. The CIA reported that there was limited assurance and this would be followed up in 6 months and if there was no assurance it would be brought to this Committee.

Appendix 3 was introduced by the Senior Manager - KPMG and the Director of Property Assets and Infrastructure updated the Committee on actions being taken to address the issues that had been identified in the audit. The following points arose from discussion:-

1. The capital receipts target for savings was £36M and the value of estate was £300M. All areas were being reviewed to achieve this target;
2. The receipts were needed to fill the capital programme. Properties had been identified and these could be opportunities for care homes or for children and opportunities for HRA;
3. There was some discussion regarding approval for corporate property disposals being delegated or being required to go before Cabinet. It was agreed that a definitive answer be sought and reported back to the next Committee;
4. The property tracker already existed but details were not up to date. The property strategy was aligned through the transformation programme and would go to September Cabinet.



Appendix 4 was introduced by the Senior Manager - KPMG and the Director of Workforce and Change updated the Committee on actions being taken to address the issues that had been identified in the audit. The following points arose from discussion:-

1. It was hoped to have a new suite of KPI's in the Autumn and these would go before HR Committee and hopefully be in place for the Q2 report;
2. Para 4.6 – The survey was about management's response to Health and Safety responsibilities and duties.

**Resolved – That the report be noted and the Committee be assured from management regarding the issues highlighted in the report.**

### **12. Audit Committee Annual Report to Full Council – Draft Report.**

The report was summarised for the benefit of the Committee and it was noted that the report would go to Full Council on 12 September. The Committee was content with the contents of the report and it was therefore:-

**Resolved - That the Audit Committee's Draft Annual Report to Council for 2022/23 be approved.**

### **13. Update on the Council's Debt and Arrears Position.**

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. It was agreed to respond to the Committee outside of this meeting concerning whether the parking write off data included PCN's which were cancelled;
2. With respect to Table 11 it was clarified that the write off figure was bigger than the arrears outstanding as PCN's being paid gradually showed as outstanding until fully paid;
3. It was clarified that some of the £76m outstanding was part of the £160M invoiced and £24.331M was debt prior to 22/23;
4. It was confirmed that the standard time for payment of invoices was 30 days but as a result of the cost-of-living crisis BCC would accommodate requests for a longer period before payment. The corporate policy was clear but it was important to look after customers;
5. It was noted that there were statutory steps for certain debt types;
6. It was noted that the statistics for benefits processing changes was very good;
7. It was noted that some invoices raised at the start of the year had not moved quickly through the recovery process but the Committee was assured that officers were on top of collection activity;
8. It was noted that in Table 11 the amount collected in following year column figure is same for 21/22 & 22/23 and it was agreed to report back outside of the meeting if this was coincidence or error.

**Resolved - That the internal debt / arrears update report to the period 31 March 2023 and the ethical approach to debt collection being taken to address this position be noted.**



#### **14. Date of Next Meeting**

The next meeting is scheduled to be held on 25 September 2023 at 2pm.

The meeting ended at 6.20pm.

**CHAIR** \_\_\_\_\_







## 17 Date of Next Meeting

The next meeting is scheduled to be held at ???

The meeting ended at ???

**CHAIR** \_\_\_\_\_



