

Public Document Pack

Bristol City Council Minutes of the Audit Committee

25 September 2023 at 2pm



Members Present:-

Councillors: Tony Dyer (Vice-Chair), Fabian Breckels, John Geater, Zoe Goodman, Jonathan Hucker, Guy Poultney, David Wilcox and Tim Kent (Substitute for Andrew Brown)

Independent Members of the Committee: Adebola Adebayo and Simon Cookson

Officers in Attendance:-

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

Also attending:-

Beth Bowers – Grant Thornton, Phil Eames – Audit Manager, Steph Griffin - Director Workforce and Change, James Brereton – Head of HR, Kevin Smith – Operations Manager Revenue, Joachim Adenusi – Risk & Insurance Officer, Paul Day - Interim Head of IT Operations, Doug Clarke - DTP Programme Manager, Chris Smith - Group Finance Director - Bristol Holding Ltd, Andrew Martyn-Johns - Chair, Goram Homes Audit and Risk Assurance Committee, Chris Arnold - Chief Finance Officer, Goram Homes Limited, Stephen Baker – Managing Director Goram Homes Limited, Chris Holme - Finance and Strategy Director, Bristol Waste Company Limited.

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 received from Councillor Brown with Councillor Kent substituting.

3. Declarations of Interest.

There were none.

4. Minutes of Previous Meeting.



Mins query re page 10 – £128m defecit

RESOLVED – that the minutes of 24 July 2023 be approved as a correct record and signed by the Chair.

5. Action Sheet

Action 4 – Corporate Risk Register – A Councillor stated that the Officer response did not reflect what was suggested.

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. However, there were no Submitters in attendance.

7. Work Programme

The Committee noted the Work Programme for future meetings.

The Chair informed the Committee that item 16 would be considered at this point in the agenda and that Item 14 had been removed from the agenda as the report had not been available in time for the Committee to review it.

The CIA reported that Item 14 would be considered by Cabinet on 3 October and would be circulated to this Committee upon publication for deep-dive consideration at Audit Committee's November meeting.

8. Annual Report of Local Government and Social Care Ombudsman Decisions

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

1. The Chair reported that he, in his capacity as the Chair of OSMB, and the Head of Paid Service had received a copy of the letter;
2. The CIA reported that the SEN Service was on the IA Plan for Q3.

Resolved – That the report be noted and referred to Full Council for consideration.

9. Grant Thornton ISA 260 report.

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

1. This reports confirms the valuation of BCC assets and this figure was included in the accounts. The Value for Money report assessed the use of the assets;



2. The time spent on investigating Individual objections was kept to a minimum and on this occasion it had been possible to liaise with BCC's legal team in order to avoid duplication of work. There was an option to not accept objections if they were vexatious. The fees were set out in Appendix D;
3. It was noted there was no Management Response in respect of '*Lack of process for proactively reviewing IT service provider assurance reports.*' And it was agreed to provide this in the Action Sheet;
4. Page 42 –Cash reconciliation. It was agreed to provide information on the numbers of items and the monetary value for the Action Sheet;
5. It was agreed to report back in the Action Sheet regarding what the WECA grant was for;
6. A Councillor provided feedback regarding the format of the GT report which might be considered for future reports. This included the type font being too small, the colour assessment code, the use of dark/light purple being at either end of the spectrum, and the blue/grey being unusual shades to use;
7. The conclusion only related to 21/22 financial year.

Resolved - That Grant Thornton's Audit Report for 2021/22 and the action plan agreed by management be noted.

10. Statement of Accounts Year Ended 31 March 2022.

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

1. The Chair noted that the Committee was asked to approve the accounts and delegate to him the signing of the letter of representation;
2. It was confirmed that the small number of changes still to be made were not significant;
3. Regarding the DSG the Director Finance confirmed that all LA's were in the same position. She stated that there were several caveats before the statutory override needed to be extended as a result of a worst case scenario. BCC would work with GT on BCC's own financial position and type of programmes of mitigation as well as reviewing the historic default offset. General funding would not be used. The actual deficit had been funded out of spend;
4. The discrepancy regarding senior officers remuneration in the HR Pay Statement and the accounts might be down to oncosts. The figures in the accounts had been fully audited and were accurate.

Resolved –

- 1. That the Statement of Accounts for the year ended 31 March 2022 be approved.**
- 2. That the signing of the Letter of Representation be delegated to the Chair as soon as the audit has been satisfactorily concluded.**

10. Internal Audit Activity Report.

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

1. There was no discussion regarding Appendix 1 and it was noted;
2. Appendix 2 – There were more agency staff within Business Support and Social Workers within Health and Social Care. Non-compliance was across the board and not in any particular area of the Council;



3. Interim staff were included in the agency staff figures;
4. It was agreed to share with the Committee further information regarding Guidant (BCC's agency worker supplier), particularly around ethics and modern slavery;
5. Managers did have discretion to recruit additional agency staff for peaks of work subject to an appropriate business case;
6. Appendix 3 – The 14.75m debt BCC had accrued over 2 years was for accounts receivable only and all debt over 3 years was fully provided for;
7. There had been significant progress in allocating unmatched payments;
8. There had been a significant reduction in the use of enforcement agencies to collect debt. Negotiation with debtors was a priority and the use of enforcement agencies was a last resort.

Resolved –

- 1. That the Internal Audit Activity Report for the period 1 April 2023 up to 10 September 2023 be noted and the Committee be assured on actions being taken to complete the agreed priorities for the first half year of this financial year;**
- 2. That the internal audit summary reports be noted and the Committee be assured from Management regarding the issues highlighted in the reports.**

11. Internal Audit 2023/24 Q3 Priorities.

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

1. The Education Other Than at School audit was currently being scoped and would be finalised for Q3;
2. In respect to Appendix 1 it was suggested that a column number be included so that it could easily be referenced;
3. The report addressed assurance needs but without the Q2 risk report it was important to know if the CIA was content that it identified a significant audit for Q3. The CIA stated that the Q3 priorities were developed following consideration of both the Q2 risk report and service risk registers. The CIA was satisfied that all significant risks have been identified and Q4 offers another opportunity to ensure that sufficient coverage is achieved.

Resolved – That the proposed Quarter (Q) 3 priorities for 2023/24 be approved.

12. Treasury Management Annual Report 2022/23.

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

1. BCC's level of debt was not as high as some LA's and compared well to BCC's budget;
2. LOBO (Lender Option Borrower Option) was a type of debt which allowed LA's to repay the debt should interest rates rise;
3. With reference to Cabinet approval for Bristol Beacon in January 2023 it was noted that BCC only borrowed cash externally when it needed to. The level of borrowing had been very minimal for Bristol Beacon as BCC's own cash reserves had been utilised to finance the position and this was articulated in the report;



4. BCC's investment portfolios were actively managed. Corporate accounts did not change when rates changed;
5. The Treasury Management Strategy allowed up to £100M borrowing dependent on how well the Capital Programme progressed. Borrowing had not yet taken place but when it did it would not be to the same extent as in the Strategy. £65M related to 22/23 financial year;
6. There was a formal options appraisal process for any long term borrowing which had to be signed off by the S151 Officer;
7. The planned borrowing profile is built into the MTFP and a large element of this relates to the HRA and this increase debt forms part of the HRA 30 year business plan.

Resolved – That the Annual Treasury Management Report for 2022/23, as detailed in Appendix A and A1, be noted.

13. Risk Management Annual Report 2022/23.

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

1. With reference to Table 1 it was noted that a major restructuring was to take place in order to provide the additional resources need to undertake the IA management actions;
2. There were no further points.

Resolved - That the report, and actions taken in 2022/23 and those proposed for 2023/24 to improve the effectiveness of risk management across the organisation be noted.

14. Deep Dive: CRR13 Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure.

The report was summarised for the benefit of the Committee and the following points arose from discussion and there were no points of discussion.

Resolved – That the report be noted.

15. Digital Transformation Programme and Digital Transformation Governance updates.

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

1. Phase 2 was not completed but there were a range of activities taking place. The migration of the S & H drives was at its final stages and it was intended to move records to Sharepoint and if this was not possible to a cloud service;
2. There were no further points of discussion.

Resolved – That the report and the continuing progress on the Digital Transformation Programme (DTP) and its benefits tracking be noted.

16. Update regarding governance changes relating to the Council's wholly owned companies - September 23.



The report was summarised for the benefit of the Committee and the following points arose from discussion and there were no points of discussion.

Resolved –

- 1. That the summary of Governance changes being led by the Shareholder to the way Bristol City Council manages its interests in its wholly owned companies be noted;**
- 2. That two reports from the separate Bristol Waste Company, and Goram Homes 'Audit and Risk Assurance Committee's now that the Bristol Holding Ltd Group 'Audit and Risk Committee' has been disbanded be noted.**

17. Bristol City Council Trading Companies Annual Comprehensive Assurance statements.

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

1. It was suggested that Goram Homes (GH) ARC might consider the appointment of a 3rd member so that it could provide vigorous challenge to the two Directors. In response the Committee heard that this was commensurate with the current workload of GH and there was a need to manage overhead costs also, although the matter would be kept under review as the business grew;
2. Bristol Waste would be assessing the potential impact on deposit return schemes in relation to the longer term planning for the business.

Resolved – That the annual assurance reports (Comprehensive Assurance Statements) of the Bristol Holding Group Trading companies, comprising Goram Homes Ltd. (GHL), Bristol Waste Company Ltd. (BWC) in addition to a summary report from the Bristol Holding Group Audit and Risk Committee be noted.

18. Exclusion of Press and Public (containing exempt information under Paragraph 3)

RESOLVED – that under Section 11A(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the ground that involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act, as amended.

The Exempt Appendix relating to BWC was discussed and noted.

19 Date of Next Meeting

The next meeting is scheduled to be held on 20 November at 2pm.

The meeting ended at 4.50pm.

CHAIR _____



