

## **AUDIT COMMITTEE**

**THURSDAY, 15 SEPTEMBER 2016**

PRESENT:- Councillors Steve Weisinger (Chair), Nick Martin, Malcolm Davies, Mary Friend, Chris Watts and Des Moffatt

An apology for absence was received from Councillor Kevin Small.

### **14. Declarations of Interest**

The Chair reminded Councillors to declare any known interests in any of the matters to be discussed at the meeting. No such declarations were made.

### **15. Public Question Time**

There were no public questions.

### **16. Minutes**

Resolved - That the minutes of the meeting held on 28<sup>th</sup> June 2016, be confirmed and signed.

### **17. Annual Statement of Accounts**

The Committee received a report introducing the Council's Annual Statement of Accounts for 2015/16 (attached to the report at Appendix 1). The Corporate Director Resources, with the Finance Manager, Housing, Treasury and Growth, presented the report and the key points on the Final Accounts, summarising the main items impacting on the financial statements for 2015/16 and highlighting the material audit adjustments that had been made.

Following their presentation of the report, the Board Director and Finance Manager responded to members' specific queries and observations regarding the accounts.

Resolved – (1) That the report and the Annual Statement of Accounts 2015/16 (attached at Appendix 1 to the report), be approved.

(2) That the Corporate Director Resources and Mr Darren Stevens, the Council's Finance Manager, Housing, Treasury and Growth, and his team, be thanked for their hard work and diligence in compiling the Annual Statement of Accounts.

### **18. External Audit - findings**

The Committee received a report of the Council's External Auditors, Grant Thornton, highlighting the significant findings arising from their audit of the Council's financial statements for the year ended 31 March 2016.

Elizabeth Cave, Director, (Grant Thornton), introduced the report, taking the Committee through the external auditors' key findings and responses in respect of

matters and risks identified at the planning stage of the audit, and additional matters that arose during the course of the work, and also the adjustments to the financial statements arising from the audit work and findings in respect of internal controls.

In particular, Ms Cave drew the Committee's attention to key messages arising from the audit of the Council's financial statements which were:

- £11m of heritage assets which were included in the Council's accounts but were on loan from other entities.
- One school which had converted to an Academy during the year but had not been disposed of in the accounts.
- A number of reclassification adjustments between headings in the accounts.

Ms Cave concluded her presentation by guiding members through the recommendations and proposed management responses set out in the Action Plan (attached to the report at Appendix A).

Resolved – (1) That the report be noted.

(2) That the External Auditors' opinion that for the year ended 31 March 2016 the Council's financial statements:

present a true and fair view of the financial position of the Authority and Group as at 31<sup>st</sup> March 2016 and of the Authority's and Group's expenditure and income for the year then ended; and

have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law, be welcomed.

(3) That a further report concerning the progression of items in the Action Plan be submitted to this Committee in six months time.

## **19. Risk management: ICT presentation**

The Council's Head of ICT, Glyn Peach gave a presentation identifying risks, causes and consequences of the failure of a business critical part of the IT system, including the loss or disclosure of personal data.

He briefly described the following mitigating actions:

- Deliver training to senior management on information asset ownership and embed processes and principles
- Deploy policy management solution to ensure all staff are trained in information governance
- Implement new firewalls to address the appropriate threat levels
- Achieve Public Service Network accreditation
- Replace telephony system with a more resilient system
- Implement new backup solution
- Migrate failing systems from the Capita Public Cloud
- Adopt Public Cloud infrastructure to add high availability

Resolved – That the Council's Head of ICT, Glyn Peach be thanked for a useful and informative presentation.

## **20. Internal Audit report - Isambard Community School**

The Head of Internal Audit submitted a report providing the Committee with an update on Isambard Community School's progress in relation to the two remaining key objectives outstanding from the first follow on audit review of the School's audit controls. The key finding from the second follow on audit was that the School had made significant improvements to its internal control arrangements since the first audit was carried out in 2014/15.

Mr Mark Edwards, Chair of Governors of Isambard Community School attended the meeting and replied to questions from Councillors concerning the School's audit controls.

Resolved – That the report be noted.

## **21. Head of Audit Annual Report**

The Committee received the Head of Internal Audit's Annual Report for 2015/16. It was noted that it was a requirement of the Public Sector Internal Audit Standards that the Head of Internal Audit deliver an annual internal audit opinion and report that could be used by the organisation to inform its governance statement and that the annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation. The Annual Report provided the Committee with assurance from the Head of Internal Audit regarding the work of the Internal Audit section and his opinion with regard to the Council's overall arrangements for internal control.

Resolved – That the report and, in particular, the Head of Internal Audit's overall opinion that the Council's internal control arrangements relating to its main financial systems during 2015/16 were found to be satisfactory, resulting in an overall risk assessment to the Council as being 'moderate' be noted.

## **22. Annual Governance Statement**

Further to Minute 11, the Committee received the Annual Governance Statement (AGS) 2015/16 for approval. The AGS is the formal statement that recognises, records and publishes an authority's governance arrangements. It was noted that the draft Statement had been approved by the Committee at its meeting on 28<sup>th</sup> June 2016 and that no additional items for inclusion in the statement had been identified at that meeting or subsequently.

Resolved – That the Annual Governance Statement, appended to the report, be approved for signing by the Leader of the Council and the Chief Executive.

## **23. PSIAS - external assessment**

The Head of Internal Audit submitted a report concerning the requirement for an external assessment of internal audit which must be conducted at least once every five years by a qualified, independent reviewer external to the organisation.

The Committee, at its meeting on 23<sup>rd</sup> February agreed that the external assessment of the Council's Internal Audit function would be carried out by the Chief Internal Auditor at Bristol City Council. The report contained the results of that external assessment.

Resolved – That the outcome of the external assessment of the Council's Internal Audit section be noted.

**24.**

**Head of Internal Audit update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee meeting in June 2016, progress made against the Annual Internal Audit Plan and other key issues.

Resolved – That the report be noted.