



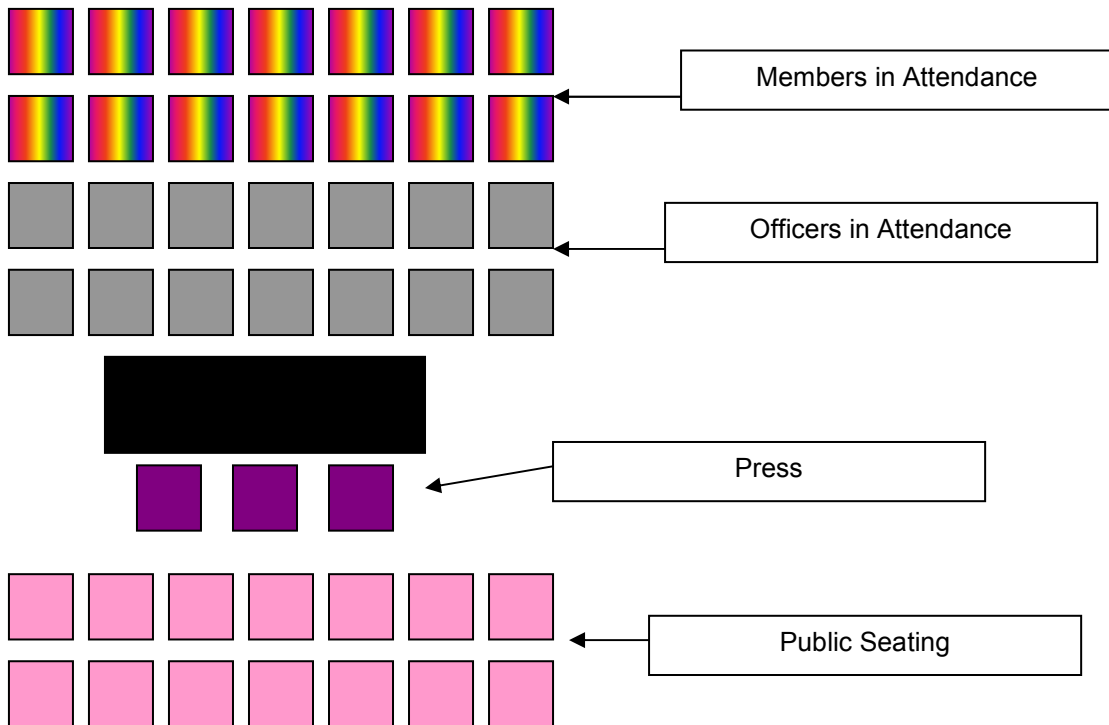
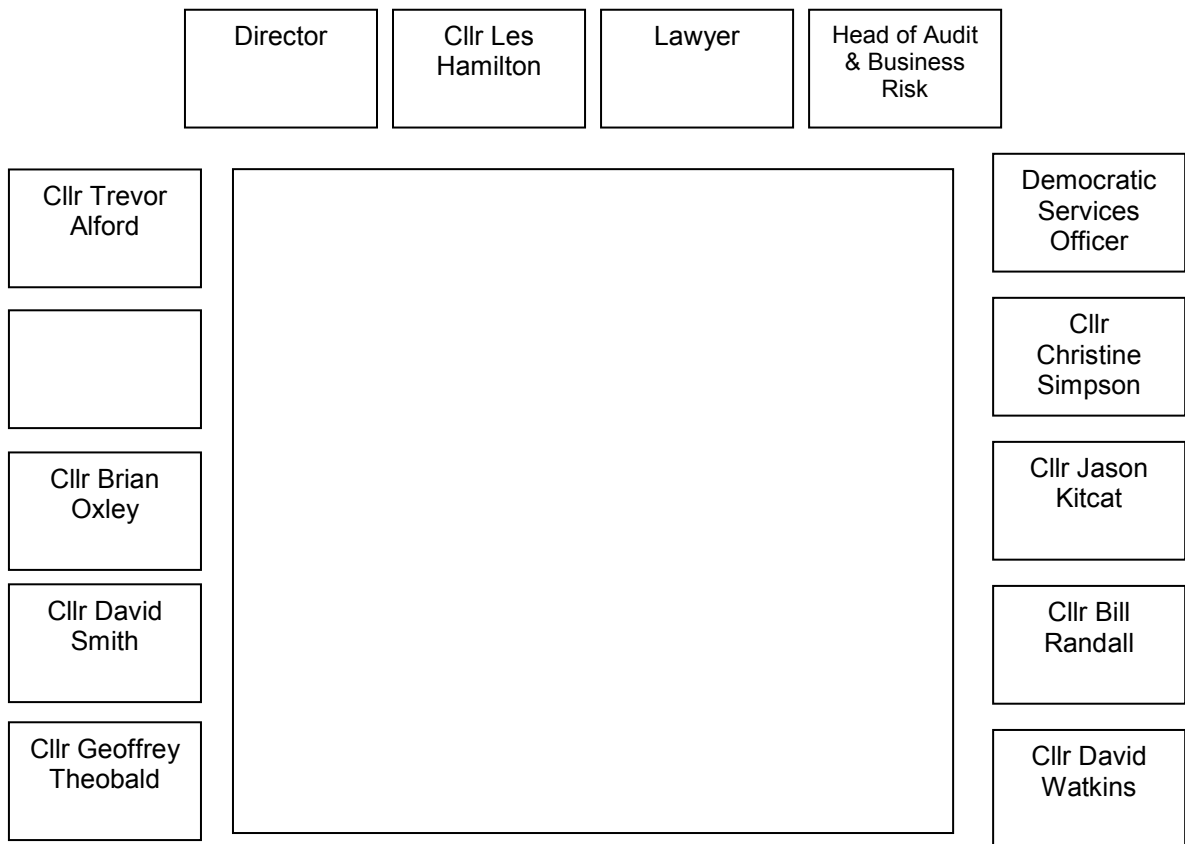
**Brighton & Hove
City Council**

Audit Committee

Title:	Audit Committee
Date:	30 June 2009
Time:	4.00pm
Venue	Committee Room 1, Hove Town Hall
Members:	Councillors: Hamilton (Chairman), Watkins (Deputy Chairman), Alford, Kitcat, Oxley, Randall, Simpson, Smith and G Theobald
Contact:	Jane Clarke Democratic Services Officer 01273 291064 jane.clarke@brighton-hove.gov.uk

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Democratic Services: Meeting Layout



AGENDA

1. PROCEDURAL BUSINESS

- (a) Declaration of Substitutes - Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.
- (b) Declarations of Interest by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- (c) Exclusion of Press and Public - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

NOTE: Any item appearing in Part 2 of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

2. MINUTES OF THE PREVIOUS MEETING

1 - 10

Public minutes of the meeting held on 19 May 2009 (copy attached).

3. CHAIRMAN'S COMMUNICATIONS

4. PETITIONS

No petitions received by date of publication.

5. PUBLIC QUESTIONS

(The closing date for receipt of public questions is 12 noon on Tuesday 23 June 2009).

No public questions received by date of publication.

6. DEPUTATIONS

(The closing date for receipt of deputations is 12 noon on Tuesday 23 June 2009).

No deputations received by date of publication.

AUDIT COMMITTEE

7. WRITTEN QUESTIONS FROM COUNCILLORS

No written questions have been received.

8. LETTERS FROM COUNCILLORS

No letters have been received.

9. AUDIT COMMISSION PROGRESS REPORT - JUNE 2009

Report from the Audit Commission (to follow).

Contact Officer: Grahame Brown

Ward Affected: All Wards;

10. SUPPLEMENTARY FEE LETTER 2008/09 AUDIT

Report from the Audit Commission (to follow).

Contact Officer: Grahame Brown

Ward Affected: All Wards;

11. ICT RISKS - BUSINESS CONTINUITY

11 - 16

Report from the Director of Strategy & Governance.

Extract from the proceedings of the Overview & Scrutiny Commission (copy attached).

Contact Officer: Mary van Beinum

Tel: 01273 291062

Ward Affected: All Wards;

12. TARGETED BUDGET MANAGEMENT PROVISIONAL OUT TURN TO 2008/2009

Report from the Director of Finance & Resources (to follow).

Contact Officer: Nigel Manvell

Tel: 29-3104

Ward Affected: All Wards;

13. STATEMENT OF ACCOUNTS 2008/2009

Report from the Director of Finance & Resources (to follow).

Contact Officer: Richard Szadziewski

Tel: 29-1233

Ward Affected: All Wards;

14. ANNUAL GOVERNANCE STATEMENT 2008/2009

Report from the Director of Finance & Resources (to follow).

Contact Officer: Ian Withers

Tel: 29-1323

Ward Affected: All Wards;

AUDIT COMMITTEE

15. ASSURANCES FROM THOSE CHARGED WITH GOVERNANCE

Fraud, laws and regulations and going concern letter from the Chairman of the Audit Committee (to follow).

Contact Officer: Nigel Manvell *Tel:* 29-3104
Ward Affected: All Wards;

16. REPORT OF THE OUTCOME OF THE RISK AND OPPORTUNITY MANAGEMENT (ROM) PROGRAMME 2008/09 AND THE PROPOSED ROM PROGRAMME 2009/10 17 - 26

Report from the Director of Finance & Resources (copy attached).

Contact Officer: Jackie Algar *Tel:* 29-1273
Ward Affected: All Wards;

PART TWO

17. PART TWO MINUTES - EXEMPT CATEGORY 3 27 - 28

Non-public minutes of the previous meeting (copy attached).

18. REVIEW OF CORPORATE RISK MANAGEMENT ACTION PLANS (MAPS) 2009/10 - EXEMPT CATEGORY 3 29 - 72

Report from the Director of Finance & Resources (copy attached).

Contact Officer: Jackie Algar *Tel:* 29-1273
Ward Affected: All Wards;

19. AUDIT AND BUSINESS RISK ANNUAL REPORT AND OPINION 2008/2009 - EXEMPT CATEGORY 3

Report from the Director of Finance & Resources (to follow).

Contact Officer: Ian Withers *Tel:* 29-1323
Ward Affected: All Wards;

AUDIT COMMITTEE

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fifth working day before the meeting.

Agendas and minutes are published on the council's website www.brighton-hove.gov.uk. Agendas are available to view five working days prior to the meeting date.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

For further details and general enquiries about this meeting contact Jane Clarke, (01273 291064, email jane.clarke@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

Date of Publication - Monday, 22 June 2009

BRIGHTON & HOVE CITY COUNCIL

AUDIT COMMITTEE

4.00pm 19 MAY 2009

COMMITTEE ROOM 1, HOVE TOWN HALL

MINUTES

Present: Councillors Hamilton (Chairman), Alford, Kitcat, Oxley, Randall, Simpson, Simson, Smith, G Theobald and Watkins (Deputy Chairman)

PART ONE

103. PROCEDURAL BUSINESS

103a Declaration of Substitute Members

103.1 Councillor Simson declared that she was substituting for Councillor Lainchbury.

103b Declarations of Interest

103.2 Councillor Simpson declared a personal but not prejudicial interest in items 112, Annual Audit and Inspection Fees Letters (including Broad Coverage) and 114, Internal Audit Strategy and Annual Plan 2009/2010 arising from being involved with the Local Delivery Vehicle.

103.3 Councillor Randall declared a personal but not prejudicial interest in items 112, Annual Audit and Inspection Fees Letters (including Broad Coverage) and 114, Internal Audit Strategy and Annual Plan 2009/2010 arising from being involved with the Local Delivery Vehicle.

103.4 Councillor Smith asked the Legal Officer if he needed to declare an interest on items where there was a direct link to his portfolio. The Legal Officer stated that it would depend on the recommendation for the item and whether the Committee needed to make a decision on that item.

The Legal Officer stated that technically, a Members role within the Council does not amount to a personal interest for the purposes of the Code of Conduct, but he advised that if a Member was in doubt as to whether to declare an interest then they should do so, whenever it became apparent that they might have an interest. He confirmed that such interests would usually be personal in nature.

103c Exclusion of the Press and Public

103.5 In accordance with section 100A of the Local Government Act 1972 ('the Act'), the Audit Committee considered whether the press and public should be excluded from the meeting during an item of business on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press or public were present during that item, there would be disclosure to them of confidential information (as defined in section 100A(3) of the Act) or exempt information (as defined in section 100I of the Act).

103.6 **RESOLVED** - That the press and public be excluded from the meeting during consideration of item 117, Non-Public Minutes of the previous meeting, as this item was exempt under Paragraph 3 of Schedule 12A of the 1972 Act (information relating to the financial or business affairs of the authority).

104. MINUTES OF THE PREVIOUS MEETING

104.1 **RESOLVED** – That the minutes of the meeting held on 24 February 2009 be approved and signed by the Chairman as a correct record.

105. CHAIRMAN'S COMMUNICATIONS

105.1 The Chairman confirmed that Committee Members had received the two additional addendums to the Committee papers and welcomed District Auditor, Helen Thompson to the meeting.

106. PETITIONS

106.1 There were none.

107. PUBLIC QUESTIONS

107.1 There were none.

108. DEPUTATIONS

108.1 There were none.

109. LETTERS FROM COUNCILLORS

109.1 There were none.

110. WRITTEN QUESTIONS FROM COUNCILLORS

110.1 There were none.

111. AUDIT COMMISSION UPDATE REPORT

- 111.1 The Committee considered an oral report from the Audit Commission regarding updates to the work progress of the Audit Commission.
- 111.2 The District Auditor addressed the Committee and stated that a more detailed report would be brought to Committee in June 2009, but there was one outstanding audit review regarding the Review of Good Governance, which would possibly not be reported to the June 2009 Audit Committee. She noted there were two outstanding grants claims but these had now been certified and cleared.

Work to be completed for the coming year included the audit of Financial Statements and Whole of Government Accounts, which had a deadline for 30 September 2009. The Audit Commission had no concerns regarding this audit at this stage. A supplementary plan for the Value for Money Statement and the Use of Resources Statement would be submitted to the next Audit Committee in June 2009, with indicative scores from the Annual Governance Report to be included in September 2009. The Review of Health Inequalities was progressing and a report was in draft form. The Council's Internal Audit function was undertaking work on the National Fraud Initiative, and an Audit Fees supplementary opinion plan would be brought to the next meeting, although there were currently no changes expected to the agreed fee from last year.

- 111.3 Councillor Oxley asked if the Audit of the Financial Statements and Whole of Government Accounts and the Value for Money Statement would be published together. The District Auditor stated that the final scores would be collated in September 2009 and a report on the Organisational Assessment and Comprehensive Area Assessment would be available in November 2009.
- 111.4 **RESOLVED** – That the Audit Commission Update Report is noted.

112. ANNUAL AUDIT AND INSPECTION FEES LETTERS (INCLUDING BROAD COVERAGE)

- 112.1 The Committee considered letters from the Audit Commission regarding the Annual Audit and Inspection Fees Letters (including Broad Coverage) (for copy see minute book).
- 112.2 The District Auditor addressed the Committee and stated that two letters had been submitted because of the changes relating to the new Comprehensive Area Assessment (CAA). The Comprehensive Area Assessment Lead for Sussex, Sandra Prail, would be completing a plan for the Audit Committee regarding the inspection element of the CAA. It was noted that this would be a joint inspection judgement and so it was more appropriate to report the fees element separately.

The new CAA audit arrangements were grant funded by the Department for Communities and Local Government at no cost to the Council and there were no identified needs for risk based inspections for the 2009/10 financial year. This would be reassessed on the basis of the CAA outcomes in November 2009 however.

The Annual Audit Fee letter related to an indicative fee which was set nationally by the Audit Commission. An increase in work generated by the Value for Money Statement and the Use of Resources had an impact on the fee set, as did the significant work the Commission would be undertaking on long term contracts for the Council and the Review of Repairs and Maintenance of Housing Stock.

The District Auditor informed the Committee that there would be a change to the Audit Commission team to comply with ethical standards for Auditors of the Audit Commission, and Simon Mathers would begin working in the area from September in place of Grahame Brown as Audit Manager. The District Auditor hoped that Mr Mathers would be present at the September 2009 meeting.

- 112.3 Councillor Kitcat noted that the Annual Audit Fee would be increasing by 14 per cent from last year. He recognised that the authority had been underpaying for a series of years but believed that the Commission had sought to remedy this last year. He asked why there had been another large increase to the fee this year. The District Auditor stated that last year's increase had brought the authority closer to the national average, but a further increase this year was required to bring Brighton & Hove to the accepted limit. She stated that the Audit Commission's Audit Scales Fee gave an idea of what an authority the size and type of Brighton & Hove should be paying. She also noted that the amount of work that the Audit Commission was required to do had changed, and this increase in part reflected that. The Council had a number of innovative arrangements for providing services and these arrangements had to be reviewed to ensure value for money and effectiveness, which again impacted on the fee. Finally, changes in the economic climate had increased the risk factors to authorities and this had to be reflected in the work of the Commission.
- 112.4 Councillor Hamilton asked if there was any negotiation on the fee charged and the District Auditor stated that Officers were able to discuss what risks it was appropriate for the Commission to review in a year, and the Committee could write a letter to the Audit Commission if they were unhappy with the fee. She agreed that the fee was fixed by the Audit Commission however.
- 112.5 Councillor Oxley asked whether the prevailing rate of increase for authorities across the country had been at 14 per cent and the District Auditor replied that in general it had increased around 4 per cent. The innovative arrangements at Brighton & Hove affected work on the Use of Resources element of the fee however, and the authority had previously been 13 per cent below the scale fee for this size of authority. The increase this year would bring Brighton & Hove to the scale fee.
- 112.6 Councillor Oxley expressed concern that the fee seemed to increase by large amounts year on year and asked when this trend would stop. The District Auditor realised that this was a large jump for the Council to accept, but noted that she would not expect the fee to jump up any more after this year.
- 112.7 Councillor Theobald expressed dissatisfaction that there was not an opportunity to dispute the fee. He stated that Sussex Police had written to the Audit Commission previously regarding high Audit Fees, without success, and so was not confident that this procedure would produce results for the Council.

- 112.8 The Chairman asked what was to stop the fee from increasing year on year and the District Auditor replied that a consultation document for scale fees was produced by the Audit Commission each year and sent out to local councils. She noted that usually very few responses were received, indicating satisfaction with fee levels, but recognised that last year many District Councils responded as a 14 per cent increase had been proposed. The District Auditor confirmed that the proposed increases were very small, around 1 per cent and she offered to circulate the Scale Fees document to Committee Members, which provided comparisons with other similar sized Councils, and to inform Councillors of when the consultation document would become available for this year.
- 112.9 Councillor Randall stated that the Housing inspection had not been carried out to the Audit Commission's satisfaction last year and a review was carried out. He noted that this inspection was not on the Audit Commission's work plan for 2009/10 and asked for an explanation. The District Auditor stated that the Comprehensive Assessment Area Lead for Sussex, Sandra Prail, would have more information on this and that she would update the Committee Members at a later date, but confirmed that the risk was not sufficient this year to warrant a further review. The situation would continue to be monitored however.
- 112.10 Councillor Alford asked how the Scale Fees were derived and the District Auditor stated that a formula was used that included assessing the skill mix that the Commission would require to complete the work for the year and the number of days it would take. The skill mix being used to perform reviews and audit was now greater than in previous years and the Commission had reduced the number of unqualified staff they used to perform reviews.
- 112.11 Councillor Watkins asked how risks were monitored by the Commission and the District Auditor replied that they regularly reviewed committee reports and maintained ongoing dialogue with Officers.
- 112.12 Councillor Hamilton asked where future reports from the Audit Commission on the CAA and Use of Resources Statement would go and the District Auditor stated that this was still under discussion. The Annual Governance Report and the Annual Audit Letter had to come to the Audit Committee for approval, but other reports may be sent to Full Council, Cabinet or the Audit Committee.
- 112.13 **RESOLVED** – That the Annual Inspection Fee 2009/10 letter and the Annual Audit Fee 2009/10 letter are noted.

113. ASSURANCES FROM THOSE CHARGED WITH GOVERNANCE

- 113.1 The Committee considered a report from the Audit Commission regarding Assurances from Those Charged with Governance (for a copy see minute book).
- 113.2 The District Auditor introduced the report and stated that it contained a description of the work required to complete the Financial Statement satisfactorily. A response would be required from the Chairman at the next scheduled Committee meeting regarding the works, and Officers were required to prepare a separate response.

113.3 The Chairman stated that the report needed to be discussed on a cross party basis before the next meeting, in order for a complete response to be given.

113.4 **RESOLVED** – That the Assurances to Support the Financial Statement 2008/09 report is noted, and that a cross-party response is prepared from the Chairman before the next regular meeting of the Audit Committee.

114. INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2009/2010

114.1 The Committee considered a report from the Director of Finance & Resources regarding the Internal Audit Strategy and Annual Plan 2009/10 (for a copy see minute book).

114.2 The Head of Audit and Business Risk presented the report and stated that it was a comprehensive document detailing the full work programme for Internal Audit for the coming year. There were considered to be sufficient resources within the team to complete the work at this stage. There are also 104 audit reviews planned compared to 137 for 2008/09 and this reflects larger ones, in terms of content and complexity, being carried out.

The Head of Audit and Business Risk stated that the key issues for this year include data security, management and quality, value for money, and business transformation or change. He noted that the Audit Committee was responsible for approving the plan.

114.3 Councillor Hamilton asked how flexible the plan was and the Head of Audit and Business Risk stated that contingency was built into the plan for unplanned work to take place and any major changes would be reported back to the Audit Committee.

114.4 The Chairman expressed concern that staff shortages in the team might present a risk to the plan. The Head of Audit and Business Risk stated that more staff would be recruited in the coming year to negate this problem.

114.5 Councillor Simson noted that a large amount of time was allocated to completing the Fraud and Corruption investigation for this year, and asked what the normal time planned for this would be. The Head of Audit and Business Risk replied this was the time planned for reactive investigations and the level of referrals was increasing the workload.

114.6 Councillor Simson asked how the Brighton & Hove Annual Plan compared with other authorities and the Head of Audit and Business Risk stated that comparisons were made both formally and informally to set benchmarks with similar authorities.

114.7 Councillor Randall noted that 16 days had been allocated for work on whistle-blowing and asked for clarification on this. The Head of Audit and Business Risk stated that Internal Audit wanted to ensure that the current process for this was effective, including case management.

- 114.8 Councillor Randall noted that a review had been added on Councillors' and Staff expenses and asked if this was an annual review, or motivated by the current climate. The Head of Audit and Business Risk stated that the Staff Expenses Audit was not carried out annually and it was a coincidence that it had been scheduled for this year. He also stated that the audit of declarations of interest, gifts and hospitality for Councillors is carried out annually as part of the review of governance arrangements.
- 114.9 Councillor Oxley noted that the email system used by the Council was rated only as a medium risk. Given the amount of work conducted via email by the Council, he asked why this was not rated higher. The Head of Audit and Business Risk stated that a number of factors were used in assessing any risk to the Council, and based on these factors the email system had been categorised as a medium risk.
- 114.10 Councillor Hamilton asked whether the Overview & Scrutiny Commission had accepted a review of ICT systems onto their work programme, as requested by the Audit Committee. The Democratic Services Officer stated that it had been, and that a report would be going to the 2 June 2009 meeting.
- 114.11 Councillor Watkins asked if any significant equalities issues had been noted by Internal Audit when conducting the work programme. The Head of Audit and Business Risk stated that any issues found would be referred to the Directorate and/or Equalities Team to deal with.
- 114.12 Councillor Simson asked for assurances that this process was happening and action was being taken to remedy any issues that did arise, and the Head of Audit and Business Risk confirmed that the relevant Manager would be informed as appropriate if issues did arise. He stated that equalities issues were not part of the formal work programme for Internal Audit although in the past audit work had been carried out on the Equalities Standard.
- 114.13 The Chairman stated that the appropriate Councillor needed to be informed if any high level equalities issues occurred within the Council's departments and Councillor Simson agreed. She would confirm with the Equalities Team that any issues were being forwarded onto them as a result of audit reviews.
- 114.14 **RESOLVED** – That the Internal Audit Strategy and Annual Plan 2009/10 is approved.

115. REVIEW OF THE EFFECTIVENESS OF SYSTEMS OF INTERNAL AUDIT

- 115.1 The Committee considered a report of the Director of Finance & Resources regarding the Review of the Effectiveness of Systems of Internal Audit (for a copy see minute book).
- 115.2 The Head of Audit and Business Risk presented the report and stated that this review was required under the Accounts and Audit Regulations and was part of the wider review of the Council's Governance Arrangements that was due to be completed in June 2009 to produce the Annual Governance Statement.

The review was carried out by self-assessment initially against the CIPFA Code of Practise for Internal Audit, then a peer review with the London Boroughs of Bexley

and Bromley to provide independent challenge and scrutiny. He further stated that the use of a peer review was recommended best practice from the Audit Commission. Councillors Alford and Watkins had been further involved in scrutinising the draft review and their input was valued. The outcome of the review was that out of thirty seven individual areas of the Code, the Council was considered to be compliant with all except one. This was considered to be partially compliant and related to the recording of audit assignments, in particular document retention. This has since been rectified with the updating of the Document Retention Policy.

- 115.3 Councillor Watkins stated that scrutiny of the review had been extremely interesting and given him a valuable insight into Internal Audit. He recommended other Councillors to be involved with the next review. He stated that there was a concern over the staffing structure and not having an Audit Trainee. He hoped that a scheme to employ an Audit Trainee would be taken forward, and felt that similar schemes could be extended across the Council.
- 115.4 Councillor Oxley agreed and noted that the LEP programme would soon be taking on 50 trainee posts across the Council. He undertook to speak to the Cabinet Member for Central Services regarding this issue and feed back to the Committee at a later date.
- 115.5 **RESOLVED** – That the Review of the Effectiveness of Systems of Internal Audit is noted.
- 116. RISK AND OPPORTUNITY MANAGEMENT (ROM) UPDATE - CORPORATE RISK REGISTER 2009-10**
- 116.1 The Committee considered a report from the Assistant Director of Finance & Resources regarding the Risk and Opportunity Management (ROM) Update – Corporate Risk Register 2009/10 (for copy see minute book).
- 116.2 The Head of Audit and Business Risk introduced the report and stated that the complete suite of risks had now been reviewed and the Committee would need to decide the way forward in reviewing Risk Maps. He stated that there were 13 Risk Maps available and these were being updated and would be reported at the next meeting in June. The Head of Audit and Business Risk stated that scores relating to two of the thirteen corporate risks had changed. CR2 Financial Outlook had changed from amber to red and CR1 Housing Stock Condition had gone from red to amber.
- 116.3 Committee Members recommended that the corporate risks Council Housing Stock Condition, Sustainable Funding for Improving Social Issues and Equal Pay should be reviewed at the next meeting.
- 116.4 **RESOLVED** – That the Risk and Opportunity Management (ROM) Update – Corporate Risk Register 2009/10 report is noted.
- 117. PART TWO MINUTES - EXEMPT CATEGORY 3**
- 117.1 The Chairman was requested to approve and sign the non-public minutes of the meeting held on 31 March 2009.

The meeting concluded at 5.20pm

Signed

Chair

Dated this

day of

EXTRACT FROM THE PROCEEDINGS OF THE OVERVIEW & SCRUTINY COMMISSION HELD ON 2 JUNE 2009

Subject:	<i>ICT Risk – Business Continuity</i>		
Date of Meeting:	30 June 2009		
Report of:	<i>Director of Strategy & Governance</i>		
Contact Officer:	Name:	Mary van Beinum	Tel: 29-1062
		Scrutiny Officer	
	E-mail:	mary.vanbeinum@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

BRIGHTON & HOVE CITY COUNCIL

OVERVIEW & SCRUTINY COMMISSION

4.00PM 2 JUNE 2009

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Mitchell (Chairman); Alford, Meadows, Morgan, Older, Pidgeon (Deputy Chairman), Randall, Wakefield-Jarrett and Watkins

PART ONE

8. ICT RISK - BUSINESS CONTINUITY

- 8.1 The Head of ICT Technical Services introduced the report in response to possible concerns at the February Audit Committee regarding ICT systems risks. The report was to provide reassurance on the actions that were being taken.
- 8.2 The business continuity plan for ICT includes annual testing of the resilience of the core infrastructure for data and telephony systems and the new Assistant Director of ICT in post since November was developing and driving through the plans previously in place.

- 8.3 The plans allowed for communications internally and externally in the event of disaster. For the future they were being extended to include better use of currently deployed technology to meet more of the authority's business needs in the event of different scenarios.
- 8.4 Members were concerned that there had been no ICT Assistant Director in post for more than a year. There was a question as to whether the public would have confidence that calls were being dealt with locally, if non-geographical phone numbers were to be introduced.
- 8.5 Replying to a query about staffing, the Head of ICT Technical Services said there were partnership arrangements for IT specialists to support systems across the authority in the event of a disaster. Staff training in the use of different ICT systems was important and there was provision for key staff to work remotely for example if in a disaster buildings could not be accessed.
- 8.6 The Commission discussed home working and the possible use of videoconferencing. The Head of ICT Services said that with the migration to 'outlook' e-mail and the availability of instant messaging there was now a unified communications framework to help support staff away from their desks.
- 8.7 A Member group to monitor progress on ICT developments was suggested.
- 8.8 **RESOLVED:** that the report be noted.

11. ITEMS TO BE TAKEN FORWARD

- 11.1 Members noted that the Annual Report of Overview and Scrutiny would be presented to full Council and the report on ICT risk would be taken back to the Audit Committee.

Subject:	<i>ICT Risk – Business Continuity</i>		
Date of Meeting:	2 June 2009		
Report of:	<i>Interim Director of Finance and Resources</i>		
Contact Officer:	Name:	Paul Featherstone	Tel: 29-0433
		Head of ICT	
	E-mail:	paul.featherstone@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Audit Committee meeting on 24th February 2009 considered the Business Continuity risks around ICT services, and resolved to refer ICT risks to the Overview and Scrutiny Committee to consider in the 2009-10 work plan.
- 1.2 This report sets out the current position and future moves for ICT resilience.

2. RECOMMENDATION:

- 2.1 That the Commission consider and comment on the progress being made.

3. BACKGROUND INFORMATION:

The current position with ICT and Business Continuity

- 3.1 ICT had been without a permanent Assistant Director for approximately 1 year, and during this time there had been limited clarity over the work that has been undertaken to mitigate ICT risks around Business Continuity.
- 3.2 The council's Business continuity manager reported that he was optimistic that the situation would improve with the appointment of a new Assistant Director.
- 3.3 ICT have designed the current base infrastructure with a view to maintaining resilience for core key systems. The current base however, while capable of maintaining core services in the event of a disaster, still requires some work to improve the systems covered.
- 3.4 Core services are those services that have been identified by the Business Continuity Manager in consultation with service areas and for these services there are specific disaster recovery plans in place that are tested on an annual basis.

3.5 Currently ICT systems have improved resilience by:

- Running from two main computing facilities – each using different parts of the main electricity grid;
- In each facility, a data store that has data replicated between the two sites and a number of servers that are not fully utilised;
- A program of server virtualisation (this allows faster moving of applications from one facility to the other);
- Contracts in place with external business continuity service providers.

3.6 Telephone resilience is catered for by:

- Operating two different telephony systems, one hosted externally;
- Having the internal system designed to be resilient and removing single points of failure.

3.7 All these systems are supported by documentation to allow straightforward changes and recovery by skilled ICT technical staff, although without requiring high level specialist skills in the given system.

Future moves for ICT resilience

3.8 In the ICT plan for the coming year there is some additional work planned to improve the resilience:

- Moving our telephone lines onto the most appropriate system – for example moving the public facing lines to the internal system;
- Investigating non-geographic numbering (0845, 0844);
- Improved document management, ensuring that the appropriate recovery documentation remains current and accessible;
- Investigating new locations for the main facilities.

Continuity for the support of ICT

3.9 In order for these Business Continuity and Disaster Recovery plans to be useful and relevant, there is a supporting ICT Business Continuity plan. This concentrates on being able to maintain the ability for council staff and elected members to be able to contact ICT. The ICT service desk is the key point of contact and there is a tested business continuity plan around this.

3.10 This is supplemented by key ICT staff having the ability to work from any location, including their own home. These staff have council installed equipment to enable this and also to support the continued operation of ICT.

4. CONSULTATION:

None directly in relation to this report.

5. FINANCIAL & OTHER IMPLICATIONS:

To follow.

SUPPORTING DOCUMENTATION:

None.

AUDIT COMMITTEE

Agenda Item 16

Brighton & Hove City Council

Subject: *Report of the outcome of the Risk & Opportunity Management (ROM) Programme 2008/09 and the proposed ROM Programme 2009/10*

Date of Meeting: 30 June 2009

REPORT OF: *Director of Finance & Resources*

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Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Cabinet approved the Risk & Opportunity Management Strategy 2008-11 on 10 July 2008 and the Annual ROM Programme 2008-09 detailing activities to deliver the ROM Strategy.
- 1.2 This report provides the outcome of the Annual ROM Programme 2008/09 to provide assurance on the risk management process.
- 1.3 The Annual ROM Programme detailing planned actions consistent with 2009/10 is submitted for approval.

2. RECOMMENDATIONS:

The Audit Committee are requested to:

- 2.1 Note the outcome of the Annual ROM Programme 2008/09 (appendix 1).
- 2.2 Approve the future planned activity detailed in the Annual ROM Programme 2009/10 (appendix 2) to continue to achieve delivery of the council wide approach to managing risk.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The report submitted to Cabinet on 10 July 2008 to introduce the ROM Strategy 2008-11 identified that the British Standard for Risk Management, BS31100, whilst in draft format, had been incorporated into the council's ROM

Strategy and that best practice elements would be integrated further once the British Standard was published as final.

3.2 A gap analysis against the published British Standard has been carried out and we believe the council is compliant with the standard in most areas. However, where improvements are required the annual ROM programme 2009/10 (appendix 2) includes actions to advance the council's compliance with BS31100.

3.3 There will be a further stage of actions in the annual ROM programme 2010/11 to continue to improve the council's performance against the standard.

4. CONSULTATION:

4.1 The ROM Strategy, the ROM programme and the methodology have been the subject of extensive internal consultation and shared with external bodies, e.g. Southdowns NHS Trust and other local authorities

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 Any funding or resources required to deliver the ROM programme initiatives are identified in the ROM Programme 09/10 (Appendix 2). Risk Management includes the identification of financial implications in risk assessment and promotes effective management of financial risks. This Strategy will assist the council to comply with Corporate Governance Standards and will feed into the Statement of Internal Control/ Annual Assurance Statement published in the annual accounts.

Finance Officer consulted: Stuart Taylor

Date: 16 June 2009

Legal Implications:

5.2 There are no legal implications arising directly from this report. Consideration of the council's Risk & Opportunity Management arrangements is one of the functions of the Audit Committee.

Legal Officer consulted: Oliver Dixon

Date: 16 June 2009

Equalities Implications:

5.3 There are no direct implications. The ROM package will address and promote

the risk management aspects of equalities

Sustainability Implications:

- 5.4 There are no direct implications. The ROM package will address and promote the risk management aspects of sustainability and will be measured by the Audit Commission's Use of Resources assessment.

Crime & Disorder Implications:

- 5.5 There are no direct implications.

Risk and Opportunity Management Implications:

- 5.6 The ROM Strategy and the annual ROM programme is focussed on improving the quality and consistency of risk & opportunity management of the council's activities.

Corporate / Citywide Implications:

- 5.7 There are no direct implications

SUPPORTING DOCUMENTATION

Appendices:

1. Outcome of Annual ROM programme 2008/09
2. Annual ROM programme 2009/10

Documents in Members' Rooms

1. None

Background Documents

1. ROM Strategy 2008-2011
2. ROM Toolkit (I DO RM)
3. British Standard for Risk Management BS31100

A) IMPROVE RISK & OPPORTUNITY MANAGEMENT ("upside" or positive risk taking)		Rationale/outcome	Target Date	Lead Officer	Progress
A)1	Continually develop and improve risk & opportunity management tools & techniques and refer to them as appropriate in other corporate guidance, e.g. project management, health & safety, business planning	Proactively encourage opportunity taking (using ROM techniques) and minimisation of downside/negative risks	Ongoing	Jackie Algar	<u>Achieved</u> Continual development
A)2	Introduce prize/award to recognise successful opportunities taken and improvements made using the opportunity management tools. This to be part of annual Excellence Award ceremony and prize/award if sponsorship can be obtained from insurers	Proactively encourage opportunity taking (using ROM techniques)	Ongoing	Jackie Algar	<u>Not achieved</u> Due to change from council based scheme to citywide awards scheme
A)3	Establish the extent to which Dept of Health guidance (May 2007) "Independence, Choice & Risk : a guide to best practice in supported decision making" can be/is being put to use in the delivery of council services	To ensure a balance between empowerment & safeguarding, choice & risk for service users	December 08	Joy Hollister, Jackie Algar	<u>Achieved</u> Personalisation Agenda has superseded the "Independence, Choice & Risk" document. Working Group are using ROM techniques & ROM register will be incorporated into ROM system
B) TO PROVIDE TRAINING FOR MEMBERS AND OFFICERS IN RISK & OPPORTUNITY MANAGEMENT		Rationale/outcome	Target Date	Lead Officer	Progress Report
B)1	Offer 4 sessions a year for managers as part of Leadership & Development Programme – involve guest expert & operational managers as speakers	To improve the capacity of the organisation to practice ROM effectively	From June 08	Jackie Algar	<u>Achieved</u>
B)2	Develop an e-learning tool for risk & opportunity management	To utilise technology and provide alternative learning methods to improve the capacity of	January 09	Jackie Algar, John Carling	<u>Achieved</u>

		the organisation to practice ROM			
B)3	Provide training on Risk & Opportunity Management to Audit Committee Members	To improve the capacity of the council's decision makers to consider whether the council effectively practices ROM	Summer 08	Jackie Algar	<u>Achieved</u>
B) TO PROVIDE TRAINING FOR MEMBERS AND OFFICERS IN RISK & OPPORTUNITY MANAGEMENT ... Continued		Rationale/outcome	Target Date	Lead Officer	Progress Report
B)4	Provide training on Risk & Opportunity Management to all Cabinet Members and include as part of wider Performance Management training	To improve assurance on the practice of ROM & embed in Performance Management arrangements	By December 08	Barbara Green & Jackie Algar	<u>Achieved</u> Sessions at Cabinet & Member Development Working Group. In 09/10 further training for all political group meetings have been agreed.
C) ENHANCE LINKS WITH PARTNERS ON RISK & OPPORTUNITY MANAGEMENT		Rationale/outcome	Target Date	Lead Officer	Progress Report
C) 1	Establish regular contact meetings and identify joint approaches to classification, risk reporting, language surrounding risks and training.	To better understand how the approaches of others to avoid duplication of effort & enhance successful outcomes	Ongoing from February 08	Jackie Algar	<u>Achieved</u>
C) 2	For Contractors - Produce and circulate summary guidance on the council's approach to Risk & Opportunity Management and the part they play	To provide information to contractors so that their risk & opportunity management experience informs the overall council approach	Ongoing from October 08	Jackie Algar	<u>Partially Achieved</u> Different approach implemented by Corporate Procurement via contractual obligations (as appropriate)
D) TO IMPROVE RISK REPORTING ARRANGEMENTS		Rationale/outcome	Target Date	Lead Officer	Progress Report

APPENDIX 1

Outcome of Risk & Opportunity Management (ROM) Programme 2008 - 2009

D) 1	Procure software system to assist the overview of risks to be reported	To better enable risk information to be taken into account in policy making, strategic planning, resource allocation & performance management	April 09	Jackie Algar	<u>Achieved</u>
D) 2	Introduce & oversee the service based risk assessments & record escalated risks in overall council risk register system	To capture the information from the "ground up" of significant issues affecting, or having the potential to affect, delivery of services	July 08 onwards	Jackie Algar & Directors	<u>Partially Achieved</u> Business Planning guidance provided to include ROM but system still embedding. Directorates will oversee completion and collation of risk information
D) 3	Include LAA risks in the overall council performance management approach	To record & identify the risks relating to the achievement of LAA objectives	June 08	Barbara Green	<u>Not achieved</u> Planned for 09/10
D) 4	Establish how project risks are included in the overall risk register system	Informs council risk overview & manage significant risks to projects, including those which are innovative or challenging	November 08	Various Directors	<u>Achieved</u> Major Projects risks have been recorded. Top 10 risks are reported to Project Boards. For 09/10 all risks will form part of overall risk system via new software as will project risks connected to Corporate Risk Register. Other service based project risk registers will be added in 09/10

A) IMPROVE RISK & OPPORTUNITY MANAGEMENT ("upside" or positive risk taking)		ROM Strategy Rationale/outcome	Resources Required	Target Date	Lead Officer
A)1	Continually develop and improve risk & opportunity management tools & techniques and refer to them as appropriate in other corporate guidance, e.g. project management, health & safety, business planning	Proactively encourage opportunity taking (using ROM techniques) and minimisation of downside/negative risks	Officer Time (to be absorbed within the existing staff arrangements)	Ongoing	Jackie Algar
A) 2	Provide ROM guidance for the Business Planning Framework & refresh as appropriate	To ensure that ROM is embedded in Business Planning	Officer Time (to be absorbed within the existing staff arrangements)	Ongoing	Jackie Algar
B) TO PROVIDE TRAINING FOR MEMBERS AND OFFICERS IN RISK & OPPORTUNITY MANAGEMENT		ROM Strategy Rationale/outcome	Resources Required	Target Date	Lead Officer
B)1	Offer training for managers as part of Leadership & Development Programme and provide access for staff via the ROM e-learning course	To improve the capacity of the organisation to practice ROM effectively	Officer Time (to be absorbed within the existing staff arrangements)	Ongoing	Jackie Algar
B)2	ROM training sessions for Members at a meeting of each political party on the subject of ROM and reports/decision	To improve the capacity of the organisation to practice ROM effectively	Officer Time (to be absorbed within the existing staff arrangements)	July – October 2009	Jackie Algar
B)3	Facilitate ROM overview of Corporate Risk Register for Cabinet Members	To ensure Cabinet Members are aware of the identified corporate risks & opportunities and mitigating actions	Officer Time (to be absorbed within the existing staff arrangements)	May and November each year	Jackie Algar

C) ENHANCE LINKS WITH PARTNERS ON RISK & OPPORTUNITY MANAGEMENT		Rationale/outcome	Resources Required	Target Date	Lead Officer
C) 1	Establish regular contact meetings and identify joint approaches to classification, risk reporting, language surrounding risks and training.	To work better with partners to avoid duplication of effort & enhance successful outcomes	Officer Time (to be absorbed within the existing staff arrangements)	Bi monthly meetings with CYPT partners from May 09	Jackie Algar
C) 2	Facilitation of ROM workshop for Local Area Agreement targets shared between partners across the city. External consultants to facilitate & shared software system to record and monitor mitigation actions	To contribute towards successful city wide outcomes	Facilitation by consultants provided within existing contract arrangements	December 09	Simon Newell, Jackie Algar
D) TO IMPROVE RISK REPORTING ARRANGEMENTS		Rationale/outcome	Resources Required	Target Date	Lead Officer
D) 1	Fully utilise the new risk management software to enhance the council's ability to record risks, inform analysis, highlight areas and provide an overview of risks and opportunities, particularly for reporting to Audit Committee	To assist the Audit Council to form an opinion on the effectiveness of the Risk Management & Internal Control environment	Officer Time (to be absorbed within the existing staff arrangements)	September 09	Jackie Algar
D) 2	Include more project risks in the overall risk register system	Informs council risk overview & manage significant risks to projects, including those which are innovative or challenging	Officer Time (to be absorbed within the existing staff arrangements)	September 09	Various Officers

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