

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 13 JANUARY 2015**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Janio, Littman (Opposition Spokesperson), Smith, Summers and Phillips

**Independent Persons & Co-opted Members:** Dr David Horne

**PART ONE**

**54 PROCEDURAL BUSINESS**

**54a Declarations of substitutes**

54.1 There were none.

**54b Declarations of interests**

54.2 There were none

**54c Exclusion of the press and public**

54.3 In accordance with Section 100A of the Local Government Act 1972 (“the Act”), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

54.4 **RESOLVED** - That the public are excluded from the meeting from items listed on Part 2 of the agenda.

**55 MINUTES**

55.1 **RESOLVED** – That the Chair be authorised to sign the Minutes of the meeting held on 18 November 2014 as a correct record.

**56 CHAIR'S COMMUNICATIONS**

56.1 The Chair advised the following:

The Chair was pleased to welcome three new people to the meeting:

Paul King (EY) who had replaced Helen Thompson (EY)

Graham Liddell new Head of Internal Audit

Rachel Musson new Interim Executive Director Finance & Resources

The Chair, on behalf of the Committee, thanked Mark Dallen for his work whilst he was Interim Head of Internal Audit.

The Chair said that another Independent Member was being recruited. The role had been advertised with a closing date of 18 January 2015, with interviews being held on 26 January 2015. The interviews would be conducted by Councillors Hamilton, A Norman and Littman and officers.

**57 CALL OVER**

57.1 The following items on the agenda were reserved for discussion:

- Item 61
- Item 62
- Item 63
- Item 64
- Item 65
- Item 66
- Item 67
- Item 68
- Item 69
- Item 73

**58 PUBLIC INVOLVEMENT**

58.1 There were no Petitions, Written Questions or Deputations

**59 MEMBER INVOLVEMENT**

59.1 There were no Petitions, Written Questions, Letters or Notices of Motion.

**60 MEMBER COMPLAINTS UPDATE, AUDIT & STANDARDS COMMITTEE, 13 JANUARY 2015**

60.1 **RESOLVED:** That the Committee noted the report

**61 CODE OF CONDUCT FOR MEMBERS - GRANTING OF DISPENSATION**

- 61.1 The Committee considered the report of the Monitoring Officer, which recommended granting the Monitoring Officer delegated power to grant dispensations under the Code of Conduct for Members. The report was presented by a Senior Lawyer.
- 61.2 Councillor Summers asked for clarification on when a dispensation would be granted to Members. The Monitoring Officer said that granting dispensation would be exceptional, but there were certain circumstances where it could be necessary. For example if a large number of Members declared an interest in an item, ordinarily requiring them to leave the meeting, it may be necessary to grant them a dispensation to avoid an adverse impact on the political balance. Councillor Littman said he would agree the recommendation, but was concerned that the Monitoring Officer would, based on the current wording of the Code of Conduct, be advising himself on any request for dispensation. The Monitoring Officer stated that, subject to Committee agreeing the recommendation, he would re-draft the relevant part of the Code to reflect the new arrangements, and submit the revision to Council for approval.
- 61.3 Councillor A Norman thanked officers for the report, and agreed that it was important to have clarity on this issue.
- 61.4 RESOLVED:** That the Committee agreed to grant delegated power to the Monitoring Officer to grant dispensations under the Code of Conduct for Members, subject to consultation, where reasonably practicable, with the Chair of Audit & Standards Committee or the Independent Person.

**62 CORPORATE MODERNISATION GOVERNANCE ARRANGEMENTS**

- 62.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, which provided an overview of the governance arrangements to achieving the 'modernising the city' priority. The report was introduced by the Head of Performance Improvement and Programmes.
- 62.2 Councillor A Norman referred to Appendix 1 and asked whether the Customer Contact Centre was going ahead. The Head of Performance Improvement and Programmes said that it would if the Corporate Modernisation Delivery Board approved the business model.
- 62.3 Dr Horne asked what financial resources were available, and was advised that budget was still being clarified; this report was intended to primarily outline the governance arrangements.
- 62.4 **RESOLVED:** That the Committee noted the report.

**63 STRATEGIC RISK REGISTER REVIEW & RISK MAP UPDATES**

- 63.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, which provided detail on the actions taken and planned actions to matters on the Strategic Risk Register. The report was presented by the Risk Manager, Performance, Improvement and Programmes.
- 63.2 **RESOLVED:** That the Committee noted the Strategic Risk Report November 2014.

**64 STRATEGIC RISK MAP FOCUS: SR22 MODERNISING THE COUNCIL; AND SR23 DEVELOPING AN INVESTMENT STRATEGY TO REFURBISH AND DEVELOP THE CITY'S MAJOR ASSET OF THE SEAFRONT**

- 64.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, regarding Strategic Risk MAPs SR22 Modernising the Council and SR23 Developing an Investment Strategy to Refurbish and Develop the City's major Asset of the Seafront. The Chief Executive, Risk Owner for SR22 attended to answer Members' queries: the Assistant Chief Executive and Executive Director Environment, Development and Housing attended as joint Risk Owners for SR23. The Assistant Chief Executive added that there had recently been a scrutiny review on 'The Seafront Infrastructure' which had provided 15 recommendations. Those recommendations would be considered by the Policy & Resources Committee at their meeting on 22 January 2015.
- 64.2 Dr Horne asked which Committee would have oversight of the modernisation programme and was advised it would be the Policy & Resources Committee.
- 64.3 Councillor Smith asked whether a structural survey had been undertaken for the seafront common ways, and if it had what the likely costs of any repair work would be. The Assistant Chief Executive said surveys had been conducted on different sections of the seafront, but the cost of any repairs were not yet known. The Executive Director Environment Development & Housing said that the Council would be looking at the whole of the seafront and not just individual projects.
- 64.4 **RESOLVED:** That the Committee noted the report.

**65 ANNUAL GOVERNANCE STATEMENT 2013/14 - ACTION PLAN PROGRESS UPDATE**

- 65.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, which provided an update on the Council's progress in implementing actions agreed in the Annual Governance Statement 2013/14. The report was presented by the Risk Manager, Performance, Improvement & Programmes.

- 65.2 Dr Horne noted that a large number of the action points showed as 'amber', and asked if a further progress report could be provided at the next Audit & Standards Committee meeting. The Chair agreed. The Chief Executive said that the ratings were conservative, and believed that the next report would show improvements.
- 65.2 Councillor A Norman referred to action point (ii), and asked what more could be done to address corporate fraud. The Principal Audit Manager said that the Corporate Fraud Team were no longer responsible for Housing Benefit fraud and that would allow them to develop focus on other areas such as e-learning fraud.
- 65.3 Councillor Janio referred to action point (vii), and asked whether it would be better to focus on delivering the core values rather than providing more management training. The Chief Executive said that good management was very important; the training delivered was robust and effective.
- 65.4 Councillor Summers asked why the 'RAG' for action point (vii) was 'green' and how that had been measured. The Chief Executive said that it was 'green' as the training was already being undertaken and the customer feedback, and results of the staff survey, showed that it was effective.
- 65.5 **RESOLVED:** That the Committee noted the report.

## **66 INTERNAL AUDIT PROGRESS REPORT**

- 66.1 The Committee considered a report of the Executive Director for Finance & Resources, which provided an update on the progress made against the Internal Audit Plan 2014/15. The report was presented by the Principal Audit Manager.
- 66.2 The Chair referred to paragraph 5.3 and asked how the Committee would be advised that the recommendations had been implemented. The Principal Audit Manager said that a full review would be provided in next year's Audit Plan. The Chair suggested that a time frame for implementing the recommendations could be provided. The Principal Audit Manager agreed.
- 66.3 Dr Horne said that the Committee needed to ensure that high priority recommendations were being addressed, and asked that at the next meeting the Committee be advised on what was still outstanding.
- 66.4 **RESOLVED:** That the Committee noted the report.

## **67 AUDIT COMMISSION - PROTECTING THE PUBLIC PURSE FRAUD BRIEFING 2014**

- 67.1 The Committee considered the report of the external auditors EY. The report was presented by Mr P King of EY.
- 67.2 Councillor A Norman noted that the Council had not detected any cases of either Council Tax or Right to Buy fraud. Mr S Mathers (EY) said that fraud may have been detected, but if it wasn't deemed to be intentional it might not be classed as fraud.

67.3 Councillor Janio noted that the Council had detected 245 cases of fraud with a value of £1,111,442 which suggested each case was high value and asked whether the Authority was missing cases of lower amounts. The Principal Audit Manager said that the authority did prioritise higher value cases.

67.4 **RESOLVED:** That the Committee noted the report.

**68 EY - 2014/15 PROGRESS REPORT AND SECTOR BRIEFING**

68.1 The Committee considered the report of the external auditor EY. The report was presented by Mr P King of EY.

68.2 Councillor Janio was pleased to note the reduction in the audit fees.

68.3 It was noted that paperwork regarding the 'Sector Update' was missing. The Committee Administrator agreed to circulate those papers to all members of the Committee.

68.4 **RESOLVED:** The Committee noted the report.

**69 EY - 2013/14 ANNUAL CERTIFICATION REPORT**

69.1 The Committee considered the report of the external auditor EY. The report was presented by Mr S Mathers (EY).

69.2 The Chair referred to the Pooling of Housing Capital Receipts, and asked if the recommendations of EY had now been implemented. Mr Mathers confirmed those recommendations had been addressed.

69.3 Dr Horne noted that teacher's superannuation was no longer being dealt with by EY and asked how the Committee would receive the certification. Mr Mathers said that was correct and the Council had appointed other auditors for that work.

69.4 **RESOLVED:** That the Committee noted the report.

**70 TREASURY MANAGEMENT POLICY STATEMENT 2014/15 (MID YEAR REPORT)**

70.1 **RESOLVED:** That the report be noted.

**71 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 7**

71.1 **RESOLVED:** That the report be noted.

**72 ITEMS REFERRED FOR COUNCIL**

**73 PART TWO MINUTES**

73.1 **RESOLVED** – That the Chair be authorised to sign the Part Two Minutes of the meeting held on 18 November 2014 as a correct record

**74 PART TWO PROCEEDINGS**

74.1 **RESOLVED** – That the Part 2 Items remain exempt from disclosure from the press and public.

The meeting concluded at 6.25pm

Signed

Chair

Dated this

day of