

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 10 MARCH 2015

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present:

Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Lepper, Littman (Opposition Spokesperson), Smith, Phillips and Wealls

PART ONE

75 PROCEDURAL BUSINESS

75a Declarations of substitutes

75.1 Councillor Wealls declared he was substituting for Councillor Janio.

75.b Declarations of interests

75.2 There were none.

75c Exclusion of the press and public

75.3 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.

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

76 MINUTES OF MEETING HELD ON 13 JANUARY 2015

76.1 Dr Horne was not able to attend the meeting, but had requested that paragraph 69.3 be amended to read '*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'. The Committee agreed.

- 76.2 RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 13 January 2015 as a correct record.

77 CHAIR'S COMMUNICATIONS

- 77.1 The Chair noted that this was the last meeting before the elections in May 2015 and thanked all members of the Committee for their work and support. He made particular mention to Councillors Lepper and Smith who were not standing for re-election, and who had both been Mayor and served as Councillors in the city for many years. The Chair added that this would be his last meeting as Chair of the Audit & Standards Committee as he had been in that role for seven years and, whatever the results of the elections would be, he felt that it would be now be appropriate for a new person to Chair the Committee. Councillor Littman thanked the Chair for his work with the Committee.

78 CALL OVER

- 78.1 It was agreed that the following items be called:

- Item 80
- Item 81
- Item 82
- Item 83
- Item 84
- Item 85
- Item 86
- Item 87
- Item 88
- Item 89

79 PUBLIC INVOLVEMENT

- 79.1 There were no Petitions, Written Questions or Deputations.

80 MEMBER INVOLVEMENT

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

81 MEMBER COMPLAINTS UPDATE

- 81.1 The Monitoring Officer and Head of Legal & Democratic Services advised the Committee that there had been no Member complaints received since the last meeting of the Committee.

82 GOVERNANCE: WHISTLEBLOWING UPDATE

- 82.1 The Committee considered a report of the Interim Executive Director for Finance & Resources on Whistleblowing. The report provided an update on progress and future actions proposed to improve co-ordination of effort and to improve understanding both within the organisation and by customers. The report was presented by the Council's Risk Management Lead.
- 82.2 Councillor Littman noted the proposal to transfer the responsibility for maintaining and holding the Register of Whistleblowing allegations, from Internal Audit to the Head of Legal & Democratic Services and asked why that had been proposed. The Head of Legal & Democratic Services said that at the moment not all the whistleblowing allegations were being captured as they were being caught up with other audit work, and following discussions by the Executive Leadership Team, it had been suggested that the Register be held by Legal & Democratic Services.
- 82.3 Councillor Wealls asked if the Committee members would be advised of what action was taken on allegations made. Head of Legal & Democratic Services said that the intention was to provide an annual report providing that information.

82.4 RESOLVED:

- (1) That the Committee agreed in principle to the proposed changes to the Council's Whistleblowing Policy & Procedure.
- (2) That the Committee noted that a report would be made to the 23 June 2015 Committee to recommend to Full Council to approve the proposed changes to Whistleblowing Policy.

83 INTERNAL AUDIT PROGRESS REPORT

- 83.1 The Committee considered a report of the Head of Internal Audit. The report updated Members of the progress made against the Internal Audit Plan 2014/15. The report was presented by the Audit Manager.
- 83.2 The Chair and Councillor Norman both raised concerns that recommendations from an audit undertaken on the Transport Workshop in 2013 had still not been fully implemented. The Interim Executive Director Finance & Resources said that the Executive Leadership Team had requested a quarterly report to update them on progress made for all high priority recommendations and that could be provided for the Committee.
- 83.3 **RESOLVED:** That the Committee noted the progress made in delivering the Annual Internal Audit Plan 2014/15 and the corporate fraud outcomes achieved.

84 ANNUAL GOVERNANCE STATEMENT 2013/14: FURTHER ACTION PLAN PROGRESS UPDATE

- 84.1 The Committee considered a report of the Interim Executive Director for Finance & Resources on progress made on the Annual Governance Statement 2013/14 action plan. The report was presented by the Council's Risk Management Lead.
- 84.2 Councillor Wealls referred to Appendix 1 and asked who decided on the RAG (Red, Amber, Green) status of the action points. He was advised it would be the appropriate Lead Officer (as listed in the appendix) and the Officer Governance Board who reviewed and monitored the implementation of the action points.
- 84.3 Councillor Wealls noted that a Corporate Business Continuity Group had been set up and asked for more information i.e. when it met, who chaired it etc. The Council's Risk Management Lead said that it had approximately 15 members, met five times a year, was chaired by Mr R Humphries (Emergency Planning and Resilience Manager) and was linked in with the Officers' Governance Board.
- 84.4 **RESOLVED:** That the Committee noted Appendix 1 to the report, which showed the progress made on the action plan for the Annual Governance Statement 2013/14.

85 RISK MANAGEMENT STRATEGY ANNUAL PROGRESS REPORT 2014

- 85.1 The Committee considered a report of the Interim Executive Director for Finance & Resources. The report detailed the progress made on the Risk Management Programme 2014-15 against the identified measures. The report was presented by the Council's Risk Management Lead.
- 85.2 **RESOLVED:** That the Committee noted the report.

86 STRATEGIC RISK MAP FOCUS: SR17 SCHOOL PLACES PLANNING; AND SR15 KEEPING CHILDREN SAFE FROM HARM AND ABUSE

- 86.1 The Committee considered a report of the Interim Executive Director for Finance & Resources. The report was presented by the Executive Director of Children's Services and the Council's Risk Management Lead.
- 86.2 The Committee first considered SR15 Keeping Children Safe from Harm and Abuse.
- 86.3 Councillor Wealls asked who decided on the rating of the 'Effectiveness of Controls', and was advised it was the Executive Director for Children's Services following consultation with local SENCO Board.
- 86.4 Councillor Littman asked how the effectiveness was measured. The Executive Director of Children's Services said that various indicators were used, such as looking at the number of young people referred to the Multi Agency Safeguarding Hub (MASH) or assessing feedback from those who used the services etc.

- 86.5 Councillor A Norman asked what work was done to support young offenders. The Executive Director of Children's Services said that there was a Youth Offending Service which was a multi-agency team which worked with young people from the ages of 10 – 17. The number of young people using the service had reduced by more than half over the last two years.
- 86.6 The Committee then considered SR17 School Places Planning.
- 86.7 The Chair noted that there were spare places at primary schools in Portslade and there was concern that if the admission numbers did not increase it would impact on the viability of the schools. The Executive Director for Children's Services said that the Council were aware of that, but there was movement across the city and it was important to ensure there would be sufficient school places when needed. However, the number of places available would regularly reviewed and where necessary class sizes reduced.
- 86.8 **RESOLVED:** That the Committee considered and noted the report.

87 INTERNAL AUDIT AND CORPORATE FRAUD: STRATEGY AND PLAN 2015/16

- 87.1 The Committee considered the report of the Head of Internal Audit. The report was introduced by the Head of Internal Audit.
- 87.2 Councillor Wealls asked if the Council worked with other Authorities to discuss common problems or issues. The Head of Internal Audit said there was not a national system for raising areas of concern, but the Council did work with other local authorities across the south-east of England including East and West Sussex County Councils.
- 87.3 Councillor A Norman noted that schools would be audited and asked for more information. The Head of Internal Audit said that previously few schools were audited but the proposal for next year was to audit ten schools. School's budgets were large, although most of that covered staff costs, and so it was an important area of work. Councillor Wealls asked who would pay for the audit and what the likely cost would be. The Audit Manager said that it would be financed from central council funds, and the cost of 25 days of auditing planned for the first quarter of 2014/15 would be around £7500.
- 87.4 **RESOLVED:** That the Committee approved the Internal Audit and Corporate Fraud Strategy and Plan 2015/16.

88 ERNST & YOUNG LLP (EY) - AUDIT PLAN 2014/15

- 88.1 The Committee considered the report of the external auditor EY. The report was introduced by Mr P King of EY.
- 88.2 Councillor Wealls referred to point 5.3 of the Audit Plan and noted that only uncorrected misstatements over £593,000 would be reported. Mr King said that the auditors could only give reasonable, not absolute, assurance on an audit and therefore a materiality

level was set. Materiality was defined as the magnitude of an omission or misstatement that could reasonably be expected to influence the users of the financial statements. Councillor Wealls asked if, for example, Council Tax collection was incorrect by £500,000 it would not be reported. Mr King said that as a general rule it would not but if any issues of governance arose, that would be reported and the appropriate action taken.

88.3 Councillor A Norman referred to point 4 of the Audit Plan and asked if there were other areas of high spend which could be considered as concerning by the auditors. Mr King said the auditors would not solely be looking at the numbers, but a high spend could reflect a high quality service or reflect particular priorities of the Council. Mr Mathers (EY) added that any high cost areas identified would be reported back to the Committee.

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

89 EY - AUDIT PROGRESS REPORT AND SECTOR UPDATE

89.1 The Committee considered the report of the external auditor EY. The report was introduced by Mr S Mathers of EY.

89.2 The Chair asked what the cost of Housing Benefit was. Mr Mathers said it was £180m, and added that this area was audited absolutely with no level of materiality.

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

90 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 9

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

91 ITEMS REFERRED FOR COUNCIL

91.1 It was agreed that no items be referred to Council.

The meeting concluded at 5.35pm

Signed

Chair

Dated this

day of