

**Brighton & Hove City Council**

**Audit & Standards Committee**

**4.00pm 19 April 2022**

**Council Chamber, Hove Town Hall**

**Minutes**

**Present:** Councillor Yates (Chair) Hugh-Jones (Group Spokesperson), Appich, Meadows, Moonan, Peltzer Dunn, Phillips and Shanks

**Independent Members:** Helen Aston, David Bradley

**Part One**

**43 PROCEDURAL BUSINESS**

**43a Declarations of substitutes**

43.1 Councillor Appich was present as substitute for Councillor Hamilton.

**43b Declarations of interests**

43.2 Councillor Hugh-Jones declared a non-pecuniary interest in Item 55 as she was the subject of a complaint referenced.

43.3 Councillor Meadows declared a non-pecuniary interest in Item 55 as she was a Member who had made a complaint.

**43c Exclusion of the press and public**

43.4 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.

43.5 **Resolved** - That the public and press not be excluded from the meeting.

**44 MINUTES**

44.1 **Resolved** – That the minutes of the previous meeting held on 19 April 2022 be approved and signed as the correct record.

**45 CHAIR'S COMMUNICATIONS**

45.1 The Chair provided the following Communications:

As Members may recall, we had a member question presented at the last meeting of the Committee in January raising issues about reports in the media regarding Councillors' expenses. I did receive confirmation from Officers that the matter was dealt with and processed in accordance with Council procedures.

Subsequent to the meeting I received further communication from a Member of the Public with detailed assertions purporting to suggest that there were some discrepancies between the expenses claimed and what happened in practice.

Although I was not in a position to form a view on the allegation, I felt it was important that the issues were looked at properly and objectively and this was communicated to Officers. As a result, the Internal Audit Service in Audit was asked to undertake the investigation. Its terms of reference include undertaking the investigation to seek confirmation whether:

- Claims were made in line with BHCC Policy
- Claims were supported by appropriate evidence, where necessary
- Claims were made for an appropriate duration in respect of approved duties.

The work has already started, and we hope that it will be concluded in the next couple of weeks. Depending on the conclusions, we may be able to share them with Members at the next meeting of the Committee or earlier. But we obviously need to make sure that any communication needs to respect the law on protection of personal data and also does not compromise any steps the Council may take.

I confirm that the Council received some late public engagement items and a Member letter, but given that the investigation is already underway, it would not have served any purpose and may actually compromised the process.

As I said, we will share the findings of the investigation with Members as soon as reasonably practicable and subject to the safeguards I mentioned.

## 46 CALL OVER

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

- Item 49: Strategic Risk Focus Item
- Item 50: External Audit: Annual Report
- Item 51: External Audit: Audit Plan and Informing the Audit Risk Assessment 2021/22
- Item 52: Internal Audit Progress Report- Quarter 3
- Item 53: Internal Audit Strategy and Annual Audit Plan 2022/23
- Item 55: Annual Surveillance Report

46.2 The Democratic Services Officer confirmed that the items listed above had been reserved for discussion and that the following reports on the agenda with the recommendations therein had been approved and adopted:

- Item 54: Annual Surveillance Report

## 47 PUBLIC INVOLVEMENT

47.1 There were none.

**48 MEMBER INVOLVEMENT**

48.1 There were none.

**49 STRATEGIC RISK FOCUS REPORT: SR2, SR24, SR29, SR15, SR13 AND SR37**

49.1 The Committee considered a report of the Executive Director Governance People & Resources that provided detail on the actions taken and future actions to manage each strategic risk.

SR2 The Council is not financially sustainable.

SR24 The council is unable to provide an effective welfare support response to households facing financial hardship.

SR29 Procurement non-compliance and ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage.

SR15 Not keeping children safe from harm and abuse.

SR13 Not keeping adults safe from harm and abuse.

49.2 In response to a question from Councillor Hugh-Jones, the Executive Director Governance People & Resources stated that the initial risk score was made by the relevant Directorate and that was then challenged and discussed by the Executive Leadership Team (ELT) who in turn would set the risk score.

49.3 During discussions, Members suggested the committee receive a report on how risk ratings were set and what benchmarking was undertaken with comparable local authorities. Members suggested a training session be held for Members to better understand the risk management process.

49.4 In response to a question from Helen Aston, the Chief Finance Officer stated that the risk score was high as there were significant challenges and risk relating to the council's financial reserves in the medium-term.

49.5 In response to questions from Councillor Meadows, the Chief Finance Officer stated that resource issues meant that the focus in procurement was upon higher value contracts as they carried higher reputational risk. Officers in the Procurement Team were contacting senior managers about their specific service and ensuring training programmes were in place. The Executive Director, Adult Social Care & Health confirmed that the premises identified on page 28 of the agenda was Ireland Lodge and an action plan was being developed and would be implemented.

49.6 In response to a question from Councillor Moonan, the Chief Finance Officer clarified that Internal Audit had picked up one or two issues with contract procurement. The service had been hampered by a recent drop in staffing levels due to resignations and

the pandemic had impacted the wider training and coaching programmes. These issues would be address with the target the end of the financial year.

49.7 In response to questions from Councillor Appich, the Executive Director, Adult Social Care & Health explained that the Finance & Performance Board met every other month.

49.8 In response to questions from Councillor Hugh-Jones, the Executive Director - Families Children & Learning explained that a specific hidden children officer had been recruited in to increase the focus in this area as an outcome of the pandemic. The Council was only the second council in the country to gain the National Probation Inspectorate Youth Inspectorate grading and the next review would be due in approximately 4 years. Furthermore, regular audit activity dipped in quarter 3 due to a system move and had returned to the expected level in quarter 4. In addition, there was a standard set for family plans for children in need to be updated with 45 days and currently 70% were completed within that timescale.

49.9 Councillor Peltzer Dunn moved a motion to add a recommendation as shown below:

That the Audit & Standards Committee:

2.5 Receive a report to its next meeting regarding risk assessing, risk appetite, benchmarking against other organisations and proposals for training.

49.10 Councillor Yates formally seconded the motion.

49.11 The Chair put the motion to the vote that passed.

49.12 The Chair put the recommendations as amended to the vote that were agreed.

49.13 **Resolved-** That the Audit & Standards Committee:

- 1) Note the SRR detailed within Table 1 of this report.
- 2) Note Appendix 1 the CAMMS Risk report with details of the five SRs and actions taken ('Existing Controls') and actions planned.
- 3) Note Appendix 2 which provides:
  - i. a guide on the risk management process;
  - ii. guidance on how Members might want to ask questions of Risk Owners, or officers connected to the strategic risks; and
  - iii. details of opportunities for Members, or officers, to input on Strategic Risks at various points and levels.
- 4) Make recommendations for further action(s) to the relevant council body.
- 5) Receive a report to its next meeting regarding risk assessing, risk appetite, benchmarking against other organisations and proposals for training.

## 50 EXTERNAL AUDIT: ANNUAL REPORT

- 50.1 The Committee considered a report of External Audit that set out their annual report for the year ending 31 March 2021 reports on the council's value for money arrangements for the 2020/21 financial year. The report is attached at Appendix 1.
- 50.2 In response to questions from Councillor Meadows, the Executive Director Governance People & Resources clarified that the Constitutional Working Group would be reviewing the number of working groups and Task & Finish groups shortly and that a specific KPI for Freedom of Information requests was something that could be considered.
- 50.3 **Resolved-**
- 6) That the Audit & Standards Committee notes the auditor's annual (Value For Money) report for the financial year ending 31 March 2021.

## **51 EXTERNAL AUDIT: AUDIT PLAN AND INFORMING THE AUDIT RISK ASSESSMENT 2021/22**

- 51.1 The Committee considered a report of External Audit that set out the External Audit Plan and a document that had informed the External Audit risk assessment in liaison with Brighton & Hove City Council officers.
- 51.2 **Resolved-**
- 7) That the Audit & Standards Committee considers the documents and notifies the external auditors if there are any additional matters that it considers may also impact on the planned audit work and context for the financial year ending 31 March 2022.
- 8) That Committee notes both the External Audit Plan and responses to Informing the Audit Risk Assessment for 2021/22.

## **52 INTERNAL AUDIT PROGRESS REPORT – QUARTER 3 (1 OCTOBER TO 31 DECEMBER 2021)**

- 52.1 The Committee considered a report of the Executive Director, Governance, People & Resources that updated on all internal audit and counter fraud activity completed during quarter 3 (2021/22), including a summary of all key audit findings. The report also included an update on the performance of the Internal Audit service during the period.
- 52.2 In response to a question from Councillor Peltzer Dunn, the Orbis Chief Internal Auditor explained that the phase 1 procurement audit had agreed a set of actions for the organisation to address. Internal Audit carried out the follow up on whether those actions had been implemented and address and this would be carried out once reasonable time had elapsed to undertake that implementation.
- 52.3 In response to a question from Councillor Meadows, the Audit Manager explained that in relation to performance by service, some directorates had a greater volume of procurements so in turn, had a higher number of actions.

52.4 The Committee members agreed that a further report was required to their next meeting with a progress update on the minimal assurance audit relating to Procurement Compliance.

**52.5 Resolved-**

1) That the Committee note the report.

**53 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2022/23**

53.1 The Committee considered a report of the Executive Director, Governance, People & Resources that requested approval of the Internal Audit Strategy and Annual Audit Plan for 2022/23, and the Internal Audit Charter.

53.2 In response to a question from Helen Aston, the Orbis Chief Internal Auditor confirmed that cybersecurity would be benchmarked against National Cyber Security Centre best practice. On whether IR35 had been considered for the Audit Plan, the Orbis Chief Internal Auditor stated that it had been considered and one Orbis partner had included it in their plan. If that particular audit demonstrated a need for other partners to do the same then IR 35 would be included in the audit plan in the future.

**53.3 Resolved-**

1) That the Internal Audit Strategy and Annual Audit Plan for 2022/23, and the Internal Audit Charter, are reviewed and endorsed by the Audit & Standards Committee.

**54 ANNUAL SURVEILLANCE REPORT**

**Resolved-**

1) That the continued use of covert surveillance be approved as an enforcement tool to prevent and detect crime and disorder investigated by officers, providing the activity is in line with the Council's Policy and Guidance and the necessity and proportionality rules are stringently applied.

2) That the surveillance activity undertaken by the authority since the report to Committee in March 2021 as set out in paragraph 3.3 is noted.

3) That the updated Policy and Guidance document set out in Appendix 1 be approved.

**55 STANDARDS UPDATE**

55.1 The Committee considered a report of the Executive Director, Governance, People & Resources that updated the Committee on progress in the determination of complaints that Members have breached the Code of Conduct for Members since the last Update report.

55.2 In response to a question from Councillor Peltzer Dunn, the Executive Director, Governance, People & Resources confirmed that link to the procedure for Member Complaints could be added into future versions of the report.

55.3 In response to questions from Councillor Meadows, the Executive Director, Governance, People & Resources agreed that some complaints had been open for some time and this was down to a combination of factors including complexity of the case, responses from the individuals concerned and officer resource in the context of a very high number of complaints. Complaints had been anonymised so as not to prejudice Members however, a different method of sharing that information with the committee could be considered.

**55.4 Resolved-**

1) That Committee notes the information in this Report.

**56 ITEMS REFERRED FOR COUNCIL**

56.1 No items were referred to Full Council for information.

**57 ITEMS FOR THE NEXT MEETING**

57.1 The Committee agreed to receive a report to their next meeting with a progress update on the minimal assurance audit relating to Procurement Compliance.

The meeting concluded at 7.15pm