

**BRIGHTON & HOVE CITY COUNCIL****AUDIT & STANDARDS COMMITTEE****4.00pm 24 SEPTEMBER 2013****COUNCIL CHAMBER, HOVE TOWN HALL****MINUTES**

**Present:** Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Deane, Smith, Summers, Sykes and Wealls

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

**PART ONE****19. PROCEDURAL BUSINESS****16a Declarations of substitutes**

16.1 There were none.

**16b Declarations of interests**

16.2 There were none

**16c Exclusion of the press and public**

16.3 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.

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

**20. MINUTES**

20.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 25 June 2013 as a correct record.

**21. CHAIR'S COMMUNICATIONS**

21.1 The Chair explained that training had been undertaken following reports to the Committee in April 2013 in relation to revised codes and protocols and Member conduct; 17 Members had attended across all groups. The main topics had focused on: Members' Code of Conduct; social media protocol and revised arrangements for investigating complaints of member misconduct.

**22. PUBLIC INVOLVEMENT**

22.1 There was none.

**23. MEMBER INVOLVEMENT**

23.1 There was none.

**24. SETTLEMENT AGREEMENTS**

24.1 The Committee considered a joint report of the Executive Director of Finance & Resources and the Head of Law & Monitoring Officer in relation to Settlement Agreements. It was noted the Executive Leadership Team (ELT), as the body responsible for corporate employment matters, had recently agreed a new policy on the use of settlement agreements to reflect best practice. The policy was being brought before the Committee to provide added assurance.

24.2 Councillor Summers welcomed the report as an example of good governance and asked if it reflected on the use of settlement agreements in the past by the Council. In response the Executive Director of Finance & Resources explained that it had recently become apparent the authority needed to keep a better profile of those who had been the subject of settlement agreements; there also needed to be a more sophisticated management of when they were used and for whom. It was also noted that there were times the authority had used settlement agreements in an overly cautious manner where there may have been a simpler mechanism. In response to a further query it was explained that the report provided an average cost of voluntary severance payments.

24.3 In relation to a query about the comparative authorities it was explained that, whilst these were not geographical, they related to language set out by the Chartered Institute of Public Finance and Accountancy (CIPFA); there had been more attention in relation to this topic nationally and further guidance had been issued.

24.4 Councillor Summers went to ask about the media perception of the matter and the Council's obligations under the Freedom of Information Act. In response the Executive Director of Finance & Resources confirmed that had been a lot of national attention on this topic, and the Council had been using settlement agreements more than some other authorities. In relation to disclosure under the Freedom of Information Act it was clarified that the case for non-disclosure fell within strict criterion, and this generally related, in this area, to data protection issues; however, this was not a blanket reasons for non-disclosure as senior officer settlement agreements were disclosed in the financial statements.

- 24.5 In response to a further question from Councillor Summers the Executive Director of Finance & Resources explained that the Council needed to be cautious about the judgement of the legal risk, and it might have been this judgement that had led the authority to use settlement agreements more than others. Whilst there may be times when it would be acceptable for the authority to avoid a higher level of risk this would need to be considered on a case by case basis against the other potential routes that could be taken. It was also confirmed that the panel consisted of the Executive Director of Finance & Resources; the Head of Law & Monitoring Officer and the Head of Human Resources & Organisational Development; however, appointed deputies were also able to attend.
- 24.6 Dr Horne asked about the reporting to the Chief Executive, and it was confirmed that the reporting took place after the agreement; however, the Chief Executive would be required to approve any agreement over £50K or any that related to a member of the corporate management team. Dr Horne stated he was of the view that the Chief Executive should have greater oversight, and the Executive Director confirmed that she would feed these comments back; it was also added that the initial decision to review had come from the Chief Executive in relation to the number of settlement agreements. It was also added that following on from the review it was expected that the number of settlement agreements would be reduced.
- 24.7 Dr Horne went on to ask about the involvement of the external auditors, and how their role worked in the process. The Executive Director of Finance & Resources explained that the key factors were the value of the agreement and the seniority of those involved in the decision. If the agreement related to a member of the senior management team or the Chief Executive then the external auditors would be alerted; however, the external auditors would not approve the agreement, but they would play a role in scrutinising it – this would be the continuation of the current practice.
- 24.8 Dr Horne proposed that the use of settlement agreements be published in the Statement of Accounts, and the Executive Director of Finance & Resources noted that this would be a voluntary disclosure and she could consider the inclusion, but a better course of action might be to bring an annual report to the Committee.
- 24.9 Councillor Deane asked a series of questions and the Executive Director of Finance provided the following responses: there had not previously been a set formula for settlement agreements and they had been undertaken on a case by case basis; however, one of the advantages of the new tighter arrangements was the panel would be able to take consistent decisions. The comparators in the report were the most recent availability, and there was more movement for local authorities to share this sort of information and encourage best practice.
- 24.10 Councillor Sykes raised concerns in relation to potential volume of work, and in response it was clarified that the agreements would be used less in future following the review.
- 24.11 **RESOLVED** – That the Committee note the Statement of Council Policy on the Use of Settlement Agreement set out in Appendix 1 to report coming into effect on 1 October 2013.

**25. WHISTLEBLOWING POLICY**

- 25.1 The Committee considered a joint report of the Executive Director of Finance & Resources and the Head of Law and Monitoring Officer in relation to the Whistleblowing Policy; the report had been produced at the request of the Committee on 25 June 2013. The report sought to brief the Committee on the Council's Whistleblowing Policy and the review that was being undertaken to consider the effectiveness of the current whistleblowing arrangements in practice.
- 25.2 The Executive Director of Finance & Resources confirmed, in response to Councillor Summers, that the policy was designed for employees; if Members wanted to raise issues through whistleblowing the appropriate route would be directly through the Monitoring Officer.
- 25.3 The Head of Human Resources & Organisational Development confirmed for Councillor Summers that the list of potential whistleblowing activities in the report was by no means exhaustive, and part of the process was to check that whether an issue should be dealt with through other processes in the Council.
- 25.4 Councillor Deane asked about the extent of staff awareness of the policy, and in response the Head of Human Resources & Organisational Development explained that part of the review would be to establish this and take any appropriate steps to publicise it further.
- 25.5 **RESOLVED:**
- (i) That the Committee note the Council's current Whistleblowing Policy (Appendix A).
  - (ii) That the Committee instruct the Executive Director of Finance & Resources to bring a further report to the meeting of Audit & Standards Committee in March 2014 detailing the findings of the Whistleblowing Policy review currently underway.

**26. IMPLEMENTATION OF MEMBER RECOMMENDATIONS**

- 26.1 The Committee considered a joint report of the Executive Director of Finance & Resources and the Head of Law & Monitoring Officer in relation to the implementation of Member recommendations in various areas. Following the meeting of the Committee on 25 June 2013 further information was requested from Members on the arrangements in place to respond to recommendations made by Members at Committee and Sub-Committee meetings. The report sought to set out the current procedures and proposed new arrangements in relation to the Personnel Appeals Sub-Committee.
- 26.2 Councillor Wealls thanked the Deputy Head of Law, Elizabeth Culbert, for the report, and Councillor Hamilton commented that it was important ancillary issues from Personnel Appeals Sub-Committees were picked up Officers.

**26.3 RESOLVED:**

- (i) That the Committee approves the proposals for responding to recommendations of the Personnel Appeals Sub-Committee as set out in paragraph 3.6-3.9 of the report.
- (ii) That the Committee notes the arrangements as set out in the report for responding to recommendations of Policy Committees/Sub-Committees and Scrutiny Committees.

**27. COMPLAINTS UPDATE SEPTEMBER 2013**

27.1 The Committees considered a report of the Head of Law & Monitoring Officer in relation to the Complaints Update; the paper sought to provide the regular update to the Committee in relation to allegations about Member conduct.

27.2 **RESOLVED** – That the Committee note the report.

**28. ERNST & YOUNG: AUDIT RESULTS REPORT 2014**

28.1 The Committee considered a report of the External Auditors: Ernst & Young in relation to the 2012/13 Audit Results. The report summarised the findings of the 2012/13 audit, which was by that point substantially completed. It also included the key messages arising from the audit of the financial statements and the results of the work undertaken to assess the Council's arrangements to secure value for money in its use of its resources. The intention of the external auditors was to issue an unqualified opinion on the financial statements, and an unqualified conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

28.2 Councillor Sykes asked about economy efficiency and effectiveness and noted that the content of the report went into less depth than previous; he stated that there needed to be a judgment made to determine whether the Council were doing enough in this area. In response the External Auditor, Helen Thompson, explained that the content in the report was only a summary and there had been more detailed work undertaken as in previous years. The scope of the value for money conclusion would remain the same, and this formed part of the ethos from Central Government. The Executive Director of Finance & Resources added that the scope of the value for money work had reduced, and there was now more emphasis on the Council to undertake benchmarking, and more challenge for it to understand its own costs.

28.3 Councillor Sykes went on to ask about the rate that spending was decreasing in the authority when compared with statistically similar authorities. The Executive Director of Finance & Resources explained that the authority still had relatively high costs, particularly in relation to some of the services for children and adult social care, and whilst the rate of spending reduction was not as rapid as others it left further scope for challenge in these areas.

28.4 Councillor Sykes continued his questions and asked about payroll and allowances, in particular if the assurances in previous years had been reasonable. In response the

External Auditor, Simon Mathers, explained that the Council's payroll system remained complex, whilst there had been no evidence of fraud or error it was this complexity that inherently increased the level of risk and potential for error. Mr Mathers went on to highlight that the External Auditors were obliged to report on the ongoing level of complexity, but added that there had been no backwards steps in this area. The Executive Director of Finance & Resources also stated that all major changes had been properly consulted on, and this was helping to ensure there was a much simpler and transparent allowance scheme in place across the organisation. It was noted that these changes were due to be fully implemented shortly; however, the full impact on the level of assurances would not be reported until the 2014/15 financial year.

- 28.5 Councillor Sykes then moved on to ask about misstatements, and in particular for more information in relation to figure of £12M; in response Ms Thompson explained that the external auditors did not test every transaction, and £12M was the figure at which an error was significant enough to adjust – any figure below this the external auditors would only have to issue an opinion.
- 28.6 Lastly Councillor Sykes asked about lease target arrangements, and whether this made a positive or negative difference. In response Mr Mathers explained that the error of lease disclosures was in the presentation of future amount due. The Executive Director of Finance & Resources went on to say that whilst the external auditors had a duty to report material misstatements in the accounts she had a responsibility, as the chief financial officer, to ensure the accounts were accurate; when errors were highlighted corrections could be made in certain circumstances where it was practical to make them accurate.
- 28.7 Councillor Ann Norman asked about valuations of assets and drew particular example of the Royal Pavilion. The Executive Director of Finance & Resources explained that there was often a judgement to be made in valuation of assets and the Royal Pavilion was a particularly unique example of this. The Head of Corporate Financial Services, Jane Strudwick, highlighted that the approach of the Council to use the insurance valuation was potentially double counting as the valuation had also included an additional 15% to cover fixtures and fittings which would already be covered as a heritage asset. The agreement had been to bring into the accounts the entire 100% of the insurance valuation for the Royal Pavilion.
- 28.8 Councillor Ann Norman then went on to ask about the register of contracts over £75K; in response the Executive Director of Finance & Resources gave assurance that work was ongoing to improve completeness of the register. The authority was now asking if the £75K threshold for corporate sealing was reasonable, and if this created an onerous administrative challenge for the Authority; however, it remained important to have a good central record of contracts.
- 28.9 Councillor Wealls asked for a clearer definition of a unit for the purposes of accounting in the Children's Services Directorate. In response Mr Mathers explained that he did not have this information at the meeting, but would be happy to provide this afterwards. The Executive Director of Finance & Resources helped to contextualise the matter by explaining that the usual analysis was on the spend for the appropriate group of the population; the figure would adjust to take account of the low school age population within the city and the data was an indicator of the expected spend per head of the

population. When Officers wanted to do more analysis there needed to be a more sophisticated breakdown to provide better benchmarking with comparative authorities. In areas such as adult social care there was an existing set of robust national benchmarking data which would provide good comparisons; however, when the data amounts were much lower, for example for looked after children, it was necessary to 'drill down' more to get better benchmarking. Councillor Wealls noted that the data could be misleading, and stated he would be happy to facilitate further discussions in relation to the number of challenges. The Executive Director added that when looking at the population the driving factor could be the volume or the unit cost; it was important that officers unpick the particulars behind the figures and identify the factors driving costs.

- 28.10 Councillor Sykes continued this topic and queried if comparisons were made like for like; he also asked to what extent the unit costs were high, and if it was actually possible to ever compare accurately. In response the Executive Director of Finance & Resources stated that all data was benchmarked against comparable authorities, and this gave a good starting point. Historically many authorities had used the data to argue the individual circumstances of their authority; however, it was important that work was undertaken to dig down and provide more context on why an authority was different. Ms Thompson added that this was not a criticism, but rather a starting point for investigation and the value for money programme allowed authorities to look for efficiencies. It was considered perfectly right for authorities to justify varied levels of spending, and the process allowed authorities to feel comfortable with where they sat against the comparable authorities.
- 28.11 Dr Horne asked the external auditors if they had any comment in relation to the uncorrected statements given that they had sight of the Council's justification for not adjusting. In response Ms Thompson stated that the uncorrected statements had been discussed with Officers, and they would not impact on the opinion as they were below the materiality thresholds, and the reasons for not adjusting were accepted.
- 28.12 Dr Horne went on to ask about the financial planning for the future of the authority, and drew attention to the lack of recommendation against support for services in the medium term. In response Ms Thompson explained that this was a situation the Council were already aware of, and any recommendation would be simply confirm this position. The Executive Director of Finance & Resources added that this was the national trend, and it related to the type of language that Local Government Association were currently using. The ongoing proportion of costs for social care would overtime undermine the availability of funding for other valued services unless the underlying cause of the high social care costs were addressed. This was a challenge for all local authorities and served as a reminder that understanding the core of what was driving costs was at the heart of sustainable budget solutions. Dr Horne noted that these comments had very real implications for the work of the Committee.
- 28.13 Dr Horne also asked if there were any issues in the delivery of the 2013/14 value for money programme at this stage; in response the Executive Director of Finance & Resources explained that some shortfall had been reported early in the financial year, some of this has related to accelerated service redesign; however, the voluntary redundancy scheme was now closed. There had also been other pressures on reporting in month two, but all these areas would have close attention paid to them.

28.14 Before a vote was taken the Committee considered Item 29 – Statement of Accounts 2011/12 to inform the recommendations, and after consideration of both of these items votes were taken separately on each set of recommendations.

28.15 **RESOLVED:**

- (i) That the Committee take note of the adjustments to the financial statements which are set out on pages 8 to 10 of the report.
- (ii) That the Committee agree to adjust the errors in the financial statements which management has declined to amend set out on pages 10 and 19 of the report or set out the reasons for not amending the errors.
- (iii) That the Committee approve the letter of representation on behalf of the Council before the audit opinion and value for money conclusion are given. A copy of the letter of representation is presented to you under a separate report on the Statement of Account 2012/13 from the Executive Director of Finance and Resources.

**29. STATEMENT OF ACCOUNTS 2012/13**

29.1 The Committee considered a report in relation to the Statement of Accounts 2012/13. The report recommended approval of the 2012/13 Statement of Accounts and the Letter of Representation on behalf of the Council. In line with legislation the Council's Statement of Accounts had to be agreed by 30 September 2013, and the Audit & Standards Committee were currently charged with this function. The Council's external auditors (Ernst & Young LLP) were required to give assurance that the Statement of Accounts was free from material misstatement and to report significant matters arising from the audit. Ernst & Young had conducted its audit of the Statement of Accounts and had identified one material misstatement relating to the valuation of the Royal Pavilion together with one relatively small number of presentation and disclosure amendments prior to issuing their opinion and the publication of the accounts. The report presented the revised 2012/13 Statement of Accounts following the audit, and it outlined amendments since they were presented to the June 2013 meeting of the Committee; it also provided assurances in relation to the preparation of the Statement of Accounts. The report also provided information regarding the summary accounts and informed the Committee of the outcome of the public inspection of the accounts.

29.2 Councillor Sykes asked for clarification in relation to the level of reported reserves against what was recommended; he also asked why the Council were currently holding high levels of reserves on the balance sheet and the Housing Revenue Accounts (HRA). In response the Executive Director of Finance & Resources explained there had been guidance that recommended reserves in the region of 5% of the organisational annual turnover, but this did not exist anymore and was a matter for local judgement. At the balance sheet date the Council had un-earmarked reserves in excess of that agreed working balance; however, the most recent budget setting exercise had committed to spend the entirety of the un-earmarked reserves for areas such as the voluntary redundancy scheme; the Council's transformation fund and a significant proportion had been set aside for potential business rate refunds. Although the amount was shown as



high it would be more challengeable if the authority had not made plans to spend it. The HRA had a higher level of reserves largely due to the profiling of the capital programme.

- 29.3 Councillor Sykes went on to ask about the increase in the pension liability, and in response the Executive Director of Finance & Resources explained that the difficulty was that the liability reported was a snapshot of the fund at a moment in time. There were a whole range of factors that contributed to this including the length of time people now lived for and the underperformance of the stock market. There were a range of national reforms including changes to employer and employee contributions and the auto-enrolment scheme; the impact on the funding gap was not yet clear. It was also noted that the overall responsibility for the fund sat with East Sussex County Council, and the Council sent trustees as representatives. Whilst the concern with pension funds was a national issue; the Council would continue to plan to help close the gap.
- 29.4 Councillor Wealls asked about adjusted misstatements and in particular who would oversee this and where the assurance was that the incident was an isolated example. The Executive Director of Finance & Resources explained that the testing was undertaken by the external auditors; who would do further sample testing to consider errors in balances across other areas. The External Auditor, Mr Mather, added that if the auditors could not conclude that the example was isolated they would then extrapolate to provide an estimate; if the estimate went above £12M then more testing would have to be undertaken. It was the practice to avoid testing where possible.
- 29.5 Councillor Summers highlighted a typographical error in relation to schools balances, and it was confirmed the matter would be clarified after the meeting.
- 29.6 **RESOLVED:**
- (i) That the Committee notes the findings of Ernst & Young in their Audit Results Report (ARR). The ARR is a separate item on this agenda.
  - (ii) That the Committee notes the adjusted misstatements to the 2012/13 Statement of Accounts (paragraph 7.3 and Appendix 4).
  - (iii) That the Committee considers the advice in relation to unadjusted misstatements and agree that they should not be adjusted for (paragraph 7.4 and Appendix 5).
  - (iv) That the Committee notes the results of the public inspection of the accounts (Section 9).
  - (v) That the Committee approves the letter of representation on behalf of the council (Appendix 1).
  - (vi) That the Committee approves the audited Statement of Accounts for 2012/13.

### 30. INTERNAL AUDIT PROGRESS REPORT 2013/14

- 30.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Internal Audit Progress Report 2013/14. The report sought to inform the Committee of the progress made against the Internal Audit Plan 2013/14 – including the

outcomes of specific audit reviews completed and the tracking of the implementation of recommendations. The report also included information on the work undertaken by the Corporate Fraud Team that had been recently established, and whose work was a key component of the Internal Audit Plan.

- 30.2 Councillor Hamilton noted that there was a Part 2 appendix which the Committee could discuss later in closed session.
- 30.3 Councillor Sykes asked about internal slippage, and in particular at which point this would impact on other pieces of work. In response the Audit Manager, Mark Dallen, explained that the plan had a mixture of work – some of which was aligned closely with the work of external audit. It was planned at this stage that the team would complete 95% of the work, and it was noted that there had been some slippage – this was not considered significant so far, but would be kept under review.
- 30.4 Councillor Summers asked for some clarification in relation to the recommendations against some of the final audit reports. In response the Audit Manager explained that it was very unusual for there to be no recommendations at the completion of an audit. He noted that the Saltdean Lido had been unique as it had looked at a ‘point in time’ when any recommendations would have been unnecessary. It was also important that the work for Senior Officers was focused onto the highest risk items. The Executive Director of Finance & Resources added that it was important that any additional work to add control was proportionate, and Officers needed to take a mature approach to manage risks.
- 30.5 In response to a query from Councillor Deane the Audit Manager explained that figures in relation to overpayments were the value of fraudulent payments identified. In most cases there was a clear requirement for the money to be repaid; however, where this related to individuals with ongoing benefit requirements the court could set a maximum that could be taken from payments creating very lengthy repayment programmes.
- 30.6 **RESOLVED** – That the Committee notes the progress made in delivering the Annual Internal Audit Plan 2013/14.

## 31. HR AND PAYROLL AUDIT ISSUES UPDATE

- 31.1 The Committee considered a report in relation to the HR and Payroll Issues Update. The Committee had previously been informed both through internal audit and external audit of historic concerns about the payroll control environment. Significant improvements had been made over the last 18 months and the report summarised the work, and met the commitment made to the Committee in April 2013 to provide a six monthly update on progress. The report also provided an opportunity to update the Committee on other related work in Human Resources and any new challenges faced.
- 31.2 Councillor Ann Norman thanked Officers for the report, but noted she had concerns from reading the report in relation to the ability of the service to undergo the necessary reconfiguration from within existing budgets. The Head of Human Resources confirmed that there had been an additional funding bid to help with some of this work, and some of the demand would be met by shifting work within the Human Resources section. Councillor Deane asked for more information in relation to the additional funding bid,

and it was confirmed that this was for internal funding, and it was envisaged there would be a one off budget provision made for this work.

- 31.3 **RESOLVED** – That the Committee note the progress made to improve the payroll control environment and other Human Resources related audit work.

## 32. TARGETED BUDGET MANAGEMENT (TBM 2)

- 32.2 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Targeted Budget Management (TBM) Provisional Outturn 2013/14. Targeted Budget Monitoring (TBM) reports were a key component of the Council's overall performance monitoring and control framework. TBM reports are periodically presented to Policy & Resources Committee and are subsequently provided to the next available Audit & Standards Committee for information and consideration in the context of the Committee's oversight role in respect of financial governance and risk management. The TBM report set out the provisional outturn position on the Council's revenue and capital budgets for the financial year 2013/14.

- 32.3 **RESOLVED** – That the Committee note the report to the Policy & Resources Committee on July 2013 and the subsequent recommendations and resolution.

## 33. TREASURY MANAGEMENT POLICY STATEMENT 2012/13 - END OF YEAR REVIEW

- 33.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to Treasury Management Policy Statement 2012/13 – end of year review. In line with good practice the report set out the treasury management actions during the second half of the year for Members to review and endorse. The report also summarised the position at the end of the year and set out performance against key indicators.
- 33.2 Councillor Ann Norman expressed concern in relation to the reduction in credit rating of the Co-op Bank; particularly that the majority of bond holders would need to disband or agree to raise the necessary capital. In response the Head of Strategic Finance & Procurement, Mark Ireland, explained that the view would not be known until October following a meeting. In the interim it was clarified that there would be no further investment in the Co-op as it had fallen below the authority's investment grade; however, they would still hold small sums of money as they provided the Council's banking service.
- 33.3 Councillor Sykes asked what the Council could do to maximise return on investment, and in response the Head of Strategic Finance & Procurement explained that Officers had considered this, but the historic position was to be extremely cautious. Without increasing the level of risk this would be quite difficult, but the work of this would be reported in a half year report.
- 33.4 **RESOLVED** – That the Committee note the report to the Policy & Resources Committee on 11 July 2013 and the subsequent recommendations and resolution.

**34. ITEMS REFERRED FOR COUNCIL**

34.1 There were none.

**35. STRATEGIC RISK MAP FOCUS: SR12 MAINTAINING SEAFRONT; AND SR14 PAY & ALLOWANCES MODERNISATION - EXEMPT CATEGORY 3**

35.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Strategic Risk MAP Focus: SR12 Maintaining the Seafront as an asset to the city; and SR14 Pay & Allowances Modernisation. The Committee had a role to monitor the effectiveness of risk management and internal control by oversight of the Strategic Register and a Risk Management Action Plan for each risk which is owned by a member of the Executive Leadership Team. For each meeting an assessment of whether items should be reported in Part 1 (open) session or Part 2 (confidential session) was undertaken by the Monitoring Officer in conjunction with the Chair and political party representatives. The Committee has agreed to focus on two strategic risks at each meeting so that over the course of a year all the MAPs receives attention. The Risk Owners responsible would be the Assistant Chief Executive, Paula Murray for SR12 and the Chief Executive, Penelope Thompson for SR14.

35.2 **RESOLVED** – That the Committee, having considered the Strategic Risk MAPs and the Risk Owners' response, the Committee make any recommendations it considers appropriate to the relevant Council body.

**36. INFORMATION GOVERNANCE - CODE OF CONNECTION COMPLIANCE - EXEMPT CATEGORY 3**

36.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Information Governance - Code of Connection Compliance. It was noted that at the meeting of the Committee in June 2013 the Committee had considered Information Governance Management as part of the Strategic Risk Map Focus; the risk had, at that time, recently been lowered largely owing to the work undertaken on the Council's policies and frameworks to meet the requirements of the Information Commissioners Officer (ICO). At the meeting the Executive Director of Finance & Resources provided a verbal update on the new requirements of the Public Sector Services Network (PSN) Code of Connection (CoCo) and explained that it would result in an increase in the risk rating for Information Governance Management. A commitment was made to provide a full update to the September 2013 Committee meeting.

**36.2 RESOLVED:**

- (i) That the Committee note the 'zero tolerance' approach adopted by the Cabinet Office to the PSN Code of Connection.
- (ii) That the Committee note the deadlines for compliance by the council and the business implications of failure to meet the requirements.
- (iii) That the Committee note the governance and project management structure for achieving CoCo compliance.

- (iv) That the Committee note the work undertaken since the council was made aware of the zero tolerance approach.
- (v) That the Committee note the key compliance risks at the time of writing this report.

**37. INTERNAL AUDIT PROGRESS REPORT 2013/14 - EXEMPT CATEGORY 3**

37.1 The Committee considered the Part 2 appendix to Item 30 Internal Audit Progress Report 2013/14.

**38. PART TWO PROCEEDINGS**

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

The meeting concluded at 7.16pm

Signed

Chair

Dated this

day of

