

**BRIGHTON & HOVE CITY COUNCIL****AUDIT & STANDARDS COMMITTEE****4.00pm 18 NOVEMBER 2014****COUNCIL CHAMBER, HOVE TOWN HALL****MINUTES**

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

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

**PART ONE****37 PROCEDURAL BUSINESS****37a Declarations of substitutes**

37.1 Councillor Simson declared she was substituting on behalf of Councillor Janio

**37b Declarations of interests**

37.2 There were none

**37c Exclusion of the press and public**

37.3 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.

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

**38 MINUTES**

38.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 23 September 2014 as a correct record.

**39 CALL OVER - CHAIR'S COMMUNICATIONS**

39a Call Over

39a.1 The following items on the agenda were reserved for discussion:

- Item 44: Strategic Risk Map Focus: SR10 – Information Governance Management; SR21 – Housing Pressures; SR8 – Becoming a More Sustainable City
- Item 45: Review of Code of Conduct for Members
- Item 47: Information Management Risk Update (SR10)
- Item 48: EY – Progress Report 2014/15
- Item 49: EY – Annual Audit Letter 2013/14
- Item 50: Internal Audit Progress Report

39b Chair's Communications

39b.2 The Chair was sorry to announce that this would be the last Audit & Standards Committee meeting for both Helen Thompson (EY) and Catherine Vaughan (Executive Director of Finance & Resources). He thanked them both very much for their work with the Committee and wished them the best for the future.

**40 PUBLIC INVOLVEMENT**

40.1 There were no Petitions, Written Questions or Deputations

**41 MEMBER INVOLVEMENT**

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

**42 MEMBER COMPLAINTS UPDATE**

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

**43 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 5**

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

**44 STRATEGIC RISK MAP FOCUS: SR10 - INFORMATION GOVERNANCE MANAGEMENT; SR21 HOUSING PRESSURES; AND SR8 BECOMING A MORE SUSTAINABLE CITY**

- 44.1 The Committee considered the report of the Executive Director of Finance & Resources, which focused on Strategic Risk MAPs. The report was presented by the Executive Director of Finance & Resources, the Executive Director Environment Development & Housing, the Chief Technology Officer and the Risk Manager Performance, Programmes & Improvement.
- 44.2 Dr Horne referred to SR 10, and the Control Solutions which applied to staff, and asked when they would be implemented. The Chief Technology Officer said that they had started and the first round of the Information Audit was nearly complete. The audit would identify all the information assets and where and how the information was being held. Dr Horne asked whether the Control Solutions would apply to external contractors. The Chief Technology Officer said the Council could not pass on its duties and responsibilities to outside bodies.
- 44.3 Councillor Summers referred to the 'Existing Controls' for SR10 which stated that a new Data Centre procurement project was underway, and asked for more information. The Chief Technology Officer said that this matter had been considered by the Policy & Resources Committee on 20 March 2014, and authority had been given to the Executive Director of Finance & Resources to identify and implement the most appropriate method of procurement.
- 44.4 Councillor Smith referred to SR21, and noted that student numbers were forecast to grow. As students were exempt from paying Council Tax, he asked if it was known how much income the Authority lost each year through student exemption. The Executive Director Environment Development & Housing said it was currently around £5m pa.
- 44.5 Councillor Simson referred to SR8 and asked if the improvements to energy efficiency detailed in the Risk MAP would benefit the Council financially. The Executive Director Environment Development & Housing said that 150 Council properties currently had Solar PVs, that would generate income but the pay-back period was usually 7-8 years after they'd been installed. The Executive Director of Finance & Resources said that savings on street lighting could already be seen, as could savings from home insulation.
- 44.6 **RESOLVED:** That the Committee noted the report.

**45 REVIEW OF CODE OF CONDUCT FOR MEMBERS**

- 45.1 The Committee considered the report of the Monitoring Officer, which was presented by a Senior Lawyer, Oliver Dixon. The report set out the recommendations of a cross-party working group tasked with reviewing the Code of Conduct for Members.
- 45.2 The lawyer referred the Committee to paragraphs 3.2 and 3.2A in Appendix 1 to the report and asked them to recommend which should one should be included in revised Code of Conduct for Members. Paragraph 3.2 read '*Where a matter arises at a meeting which relates to or affects an interest in Appendix B or a financial interest of the Member,*

*a friend, relative or close associate (and it is not a Disclosable Pecuniary Interest), Members must declare the interest'. Paragraph 3.2A read 'Where a matter arises at a meeting which relates to or affects an interest in Appendix B or a financial interest of the Member, their spouse or civil partner, a person whom they are living as husband or wife, or a person with whom they are living as if they are civil partners (and it is not a Disclosable Pecuniary Interest), Members must declare the interest.'. The Committee agreed that paragraph 3.2A was preferable.*

- 45.3 Councillor Simson referred to paragraph 1.6 in Appendix 1 and asked if there could be a hyperlink to all relevant documents, as she thought that that would be particularly useful for new Councillors.
- 45.4 Councillor Simson referred to paragraph 1.7 in Appendix 1, which read that '*Members must not disclose information which is confidential or where disclosure is prohibited by law*', and suggested that there were occasions when it was in the public interest to disclose information. The Monitoring Officer said that all confidential information should be treated as such, if not a Member could disclose any confidential information on the basis that it 'was in the public interest'.
- 45.5 Councillor A Norman said she was part of the cross-party working group who reviewed the Code of Conduct and believed that there was a need to review and modify the current one, and the draft Code being considered today was a sensible one which she hoped would be agreed.
- 45.6 RESOLVED:** That the Committee considered the draft revised Code of Conduct for Members (as amended) and agreed to refer it to Council for approval.

## **46 COUNCIL'S PERFORMANCE DEVELOPMENT PLANS**

- 46.1 **RESOLVED:** That the Committee noted the current activity and measures related to supporting and improving individual performance management and development in the Council.

## **47 INFORMATION MANAGEMENT RISK UPDATE (SR10)**

- 47.1 The Committee considered the report of the Executive Director of Finance & Resources, which in accordance with the Committee's request at the their meeting held on 24 June 2014, provided an update on the ongoing work to mitigate the corporate risk SR10 Information Management. The report was introduced by the Chief Technology Officer.
- 47.2 Councillor Simson referred to paragraph 3.15, which stated that 79% of data breaches were due to human error and asked what would be the cause of the other 21%. The Chief Technology Officer said that it would be a number of things such as systems being hacked or loss of IT equipment etc.
- 47.3 **RESOLVED –** That the Committee noted the report.

**48 EY: PROGRESS REPORT 2014/15**

- 48.1 The Committee considered the report of the external auditors EY. The report was presented by Simon Mathers from EY.
- 48.2 Dr Horne thanked Mr Mathers for the report and noted that EY were no longer auditing Teachers Pensions and asked how, if that were the case, the audit could be reported to the Audit & Standards Committee. The Executive Director of Finance & Resources said that the Government had changed the rules about financial checks and there was now no national framework for auditing this area. Under the old arrangements the pension contributions were audited with the rest of the Council's accounts at a cost of £1500. However, as that audit would no longer be part of the main audit it would need to be prepared separately and EY had quoted £15k to undertake the work. However, a local firm had now been appointed to conduct that audit at a cost of £6k. Members would be advised how that audit would come to the Committee. The Chair confirmed that that audit would come to a future meeting of the Committee.
- 48.3 **RESOLVED** – That the Committee noted the report.

**49 EY: ANNUAL AUDIT LETTER 2013/14**

- 49.1 The Committee considered the report of the external auditors EY. The report was presented by Simon Mathers from EY.
- 49.2 Dr Horne referred to Part 3 of the Annual Audit Letter, and asked if the proposed Recommendations had been accepted. The Executive Director of Finance & Resources confirmed that they had.
- 49.3 **RESOLVED**: That the Committee noted the report.

**50 INTERNAL AUDIT PROGRESS REPORT**

- 50.1 The Committee considered the report of the Executive Director of Finance & Resources which updated Members on the progress made against the Internal Audit Plan 2014/15. Appendix 2 to the report would be considered under Part Two. The report was introduced by the Principal Audit Manager.
- 50.2 Councillor A Norman noted that an audit review had been undertaken for Blatchington Mill School, and asked if auditing of schools was a new area of work. The Principal Audit Manager said that it was not, but there had been very few undertaken over the last five years.
- 50.3 Dr Horne asked about the work undertaken by the Corporate Fraud Team. The Principal Audit Manager said that previously a large amount of the work undertaken related to Housing Benefit fraud. However, as that area of work was now dealt with by the Department for Works and Pensions, there was now more time to focus on other aspects of corporate fraud such as housing tenancy fraud.

50.4 The Committee then moved to Part Two to consider Appendix 2.

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

**51 ITEMS REFERRED FOR COUNCIL**

51.1 That no items be referred to Council on 11 December 2014 for information only. Item 45, Review of Code of Conduct for Members would be referred to Council on 11 December 2014 for approval.

The meeting concluded at 6.05pm

Signed

Chair

Dated this

day of