

**Brighton & Hove City Council**

**Audit & Standards Committee**

**4.00pm 28 June 2022**

**Council Chamber, Hove Town Hall**

**Minutes**

**Present:** Councillor Wilkinson (Chair) Peltzer Dunn (Group Spokesperson), Littman, Meadows, Shanks, West and Yates

**Other Members present:** Councillors

**Part One**

**1 PROCEDURAL BUSINESS**

**1a Declarations of substitutes**

1.1 Councillor Littman was present as substitute for Councillor Hugh-Jones.

**1b Declarations of interests**

1.2 There were none

**1c Exclusion of the press and public**

1.3 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.

1.4 **RESOLVED** - That the press and public not be excluded from the meeting.

**2 MINUTES**

2.1 **RESOLVED** – That the minutes of the previous meeting held on 19 April 2022 be approved as the correct record.

**3 CHAIR'S COMMUNICATIONS**

3.1 In his Chairs Communications, the Chair paid tribute to Councillor Yates the previous Chair of the Committee.

#### 4 CALL OVER

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

- Item 7: Internal Audit Annual Report and Opinion 2021-22
- Item 8: Counter Fraud Annual Report 2021-22
- Item 9: Formal Approval of the Annual Governance Statement 2021-22
- Item 11: Procurement Compliance Update
- Item 12: Standards Update
- Item 15: Audit Report on Member Expenses

4.2 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 10: External Assessment proposal

#### 5 PUBLIC INVOLVEMENT

No items were received.

#### 6 MEMBER INVOLVEMENT

No items were received.

#### 7 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2021-22

7.1 The Committee considered a report of the Executive Director, Governance, People & Resources that give an opinion on Brighton and Hove City Council's control environment for the year from the 1 April 2021 to 31 March 2022.

7.2 In response to a question from Councillor Peltzer Dunn, it was explained that there were out of approximately 300 Public Sector Internal Audit Standards it was deemed that Internal Audit were partially compliant with just nine of those. That was not deemed to be significant, but it was noted that the proposed external assessment would provide independent review of that.

7.3 In response to a question from Councillor Littman, specific actions on Temporary Accommodation were not to hand but could be circulated to members of the committee after the meeting.

7.4 In response to a question from Councillor Meadows, it was clarified that no schools had been given minimal assurance, two schools had been given partial assurance and two reasonable assurance.

#### 7.5 Resolved-

1) That Committee note the Internal Audit Service's opinion on the Council's control environment (Annex A)

- 2) The Committee note any significant control issues that should be included in the Council's Annual Governance Statement for 2021/22
- 3) The Committee note that the Council's system for internal audit has proved effective during 2021/22

## **8 COUNTER FRAUD ANNUAL REPORT 2021-22**

- 7.6 The Committee considered a report of the Executive Director, Governance, People & Resources that provided opinion on Brighton and Hove City Council's control environment for the year from the 1 April 2021 to 31 March 2022.
- 7.7 In response to a question from Councillor West, it was confirmed that analysis of expenditure mapped against the financial value of the fraud activity prevented was something that could be included in future versions of the report.
- 7.8 In response to a question from Councillor Meadows, it was explained that in relation to the statement at 2.8.10, no payments were made to the supplier before the issue was identified so there was no financial impact to the council. In relation to 3.6, 4,000 data matches were processed, and this was on the basis of identifying the higher quality matches for review.
- 7.9 **Resolved-**
  - 1) That Committee note the fraud activity completed during 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.

## **9 FORMAL APPROVAL OF THE ANNUAL GOVERNANCE STATEMENT 2021-2022**

- 9.1 The Committee considered a report of the Executive Director, Governance, People & Resources that provided the city council's governance arrangements and requests that the Committee approves the Annual Governance Statement (AGS) 2021-2022.
- 9.2 **Resolved-**
  - 1) That Audit & Standards Committee formally approve the Annual Governance Statement 2021-2022 in Appendix 1, so that the AGS may be signed by the City Council's Leader and the Chief Executive before publication alongside the City Council's Accounts.

## **10 INTERNAL AUDIT EXTERNAL ASSESSMENT PROPOSAL**

### **Resolved-**

- 1) That Committee approve the appointment of the Chartered Institute of Internal Auditors to carry out the independent external assessment of Orbis Internal Audit in accordance with Public Sector Internal Audit Standards (PSIAS).

## **11 PROCUREMENT COMPLIANCE UPDATE**

- 11.1 The Committee considered a report of the Executive Director, Governance, People & Resources that updated on progress to implement the recommendations and agreed actions emanating from the internal audit reviews (Phase 1 and 2) of compliance with Contract Standing Orders, which assigned minimal assurance.
- 11.2 In response to a question from Councillor Meadows, it was explained that with the onset of Sourcing Solutions, attempts were being made to review all contracts over £25k in value. Due to resource pressures, Sourcing Solutions had recently been asked to review contracts up to a value of £250k where mini competitions were being undertaken in accordance with national frameworks. Publishing to the Public Register was now much more under control.
- 11.3 In response to a question from Councillor Peltzer Dunn, it was clarified that all actions were compliant or in progress and monitoring of recommendations and data analysis was being comprehensively applied.
- 11.4 In response to a question from Councillor Littman, it was confirmed that all actions had a completion date of before September 2022 and ongoing monitoring would be required in line with the specific Strategic Risk.
- 11.5 In response to a question from Councillor West, it was clarified that made an estimated saving of £2.5 - £4m per annum.
- 11.6 **Resolved-**
- 1) That the Audit & Standards Committee notes the contents of this report including progress made to date and ongoing actions in response to audit recommendations detailed in Appendix 1.

## 12 STANDARDS UPDATE

- 12.1 The Committee considered a report of the Monitoring Officer that provided a quarterly update on member complaints and on Standards-related matters.
- 12.2 In response to a query from Councillor Yates, it was clarified that where there was a Police investigation into any matter, the Standards investigation would be suspended pending the outcome of the Police investigation.
- 12.3 In response to Councillor Meadows, it was acknowledged that there were a number of long-term complaints however, it was important to follow the agreed procedure for Member related complaints. The Monitoring Officer added that the number of Member related complaints was very high and it was very important that processes were followed and the process was dependent on co-operation from the various parties. One third of complaints (8 out of 25) were dealt with in the sense that there was a decision not to take any further action.
- 12.4 **Resolved-**
- 1) That Committee notes the information in this Report.

**13 ITEMS REFERRED FOR COUNCIL**

13.1 No items were referred to Full Council.

**14 AUDIT REPORT ON MEMBER EXPENSES**

- 15.1 The Committee considered a report of the Executive Director Executive Director Governance People & Resources that informed the Committee of the findings of the Internal Audit investigation into issues relating to expenses claims and to sought agreement to the recommendations in the report.
- 15.2 In response to questions from Councillor Yates, the Executive Director Governance People & Resources explained that the only mechanism to amend the Members Allowances scheme was through the Independent Remuneration Panel (IRP) and so this had not been included in the recommendations. Further, the Executive Director Governance People & Resources explained that the service had not operated exclusively on trust and confidence and evidence had been provided. However, it was true to say there had been on over-reliance upon trust and confidence and that was something that would be addressed as well as development of an expenses claim system that was easier to use and process.
- 15.3 In response to a question from Councillor Yates, the Executive Director Governance People & Resources agreed that the advice that had been provided to Councillor Yates as former Chair of the committee had been wrong and had been provided based on incorrect information on any discrepancies provided to him.
- 15.4 In response to a question from Councillor Yates, the Audit Manager (Counter Fraud), explained that there was no deception found in the claims looked at and where receipts had not been submitted, evidence was provided at a later date to evidence the childcare costs incurred.
- 15.5 In response to a question from Councillor Yates, the Orbis Chief Internal Auditor stated that the approach taken on the investigation would be the same as for a staff member or member of the public. The Audit report presented the facts from the investigation and the interpretation and response was a matter for the Council.
- 15.6 Councillor Meadows made extensive observations that included references to the individual's circumstances and how these were not relevant and was critical of the current processes and control environment of the council and how that had been applied in this circumstance.
- 15.7 The Chair made repeated requests to Members of the committee to avoid highly political and personalised rhetoric. The Legal Officer stated that Members debate must be confined to the subject matter of the report and not to bring allegations that exceeded the remit of the report.
- 15.8 Members then debated the report and comments were made on the validity of the claims made, effectiveness of the process controls and potential improvements to the claims system were made.

15.9 The Committee adjourned at 5.30pm and reconvened at 5.38pm

15.10 Councillor Littman moved the following amendment to recommendation 2.2 and additional recommendation 2.3 as shown in bold and strikethrough:

2.2 That Members agree the recommendations in section 5 of the report and instruct officers to implement the same **subject to amendments and addition to those recommendations as follows:**

5.7 All Members should be **supported with, and regularly reminded of**, their responsibilities to submit fully completed claim forms with supporting documentation within the relevant timeframe.

5.8 Democratic Services should ~~consider whether it is possible to~~ introduce electronic claim forms to reduce the possibility of a claim form being misplaced

**5.9 That officers are instructed to consult with the Independent Remuneration Panel (IRP) regarding extending the time limit for submitting claims to three months**

**2.3 That the Committee receive an update report as soon as reasonably possible to a future meeting.**

15.11 The Chair then put the motion to the vote that was agreed.

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

15.13 **Resolved-**

1) That Committee notes the Internal Audit report into issues associated with Member expenses claims as set out in Appendix 1 to this report.

2) That Members agree the recommendations in section 5 of the report and instruct officers to implement the same subject to amendments and addition to those recommendations as follows:

5.7 All Members should be supported with, and regularly reminded of, their responsibilities to submit fully completed claim forms with supporting documentation within the relevant timeframe.

5.8 Democratic Services should introduce electronic claim forms to reduce the possibility of a claim form being misplaced

5.9 That officers are instructed to consult with the Independent Remuneration Panel (IRP) regarding extending the time limit for submitting claims to three months

3) That the Committee receive an update report as soon as reasonably possible to a future meeting.

The meeting concluded at 7.00pm

Signed

Chair

Dated this

day of