

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 27 OCTOBER 2020**

**VIRTUAL MEETING**

**MINUTES**

**Present:** Councillors Yates (Chair) Hugh-Jones (Group Spokesperson), Bagaeen (Group Spokesperson), Hamilton, Heley, Hill, Littman and Peltzer Dunn

**Independent Members present:** Helen Aston and David Bradly

**PART ONE**

**15 PROCEDURAL BUSINESS**

**15a Declarations of substitutes**

15.1 There were none.

**15b Declarations of interests**

15.2 Councillor Yates declared a personal interest in Item 30 as he was a Member identified as the subject of a complaint. Councillor Yates stated that as no decision was required and no vote would be taken, he would remain in the Chair but not enter into any discussion.

15.3 Councillor Heley declared a personal interest in Item 30 as she was a Member identified as the subject of a complaint. Councillor Heley stated that as no decision was required and no vote would be taken, she would remain in the meeting but not enter into any discussion

**15c Exclusion of the press and public**

15.4 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.

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

**16 MINUTES**

16.1 **RESOLVED** – That the minutes of the previous meeting held on 21 July 2020 be approved and signed as the correct record.

**17 CHAIR'S COMMUNICATIONS**

17.1 The Chair welcomed David Bradley to the committee who had recently been appointed as an Independent Person who supported the work of the Audit and Standards Committee in promoting and maintaining high standards of conduct amongst its elected and co-opted members.

**18 CALL OVER**

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

- Item 21: Strategic Risk Focus Item
- Item 23: Home to School Transport
- Item 24: Audited Statement of Accounts 2019/20
- Item 25: External Audit Findings Report 2019/20
- Item 26: Internal Audit Progress Report Quarter 1

18.2 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 22: Adult & Community Learning
- Item 27: Revised Internal Audit Plan 2020/21
- Item 28: Orbis Internal Audit Staffing and Resources
- Item 29: Formal approval of the Annual Governance Statement 2019/20
- Item 30: Standards Update

**19 PUBLIC INVOLVEMENT**

19.1 No items were received from member of the public.

**20 MEMBER INVOLVEMENT**

20.1 No items were received from Members.

**21 STRATEGIC RISK FOCUS ITEM**

21.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that provided detail on the actions taken and future actions to manage each strategic risk.

21.2 Councillor Littman stated that a risk impact score of 4 for SR36 did not seem proportionate given it dealt with a climate catastrophe. The Risk Manager confirmed this could be raised with ELT who set and reviewed the Risk Register.

**SR35 Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy**

- 21.3 In response to question from Councillor Hugh Jones, it was clarified that whilst no concrete data was available on EU citizens planning to stay in the city, over 20,000 applications had been made for Settled Status. The issue had been linked up with the Covid Recovery Plan to assist filling any gaps that may appear in the city workforce. Veolia had previously given assurances that they had continuity plans in place and that position was not expected to change. In response to questions from Councillor Bagaean, it was explained a survey of businesses was being discussed for awareness and on how issues such as a salary cap would impact upon them.

**SR36 Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030;  
SR23 Unable to develop an effective Regeneration and Investment Strategy for the Seafront and ensure effective maintenance of seafront infrastructure**

- 21.4 In response to questions raised, the Executive Director, Economy, Environment & Culture explained that SR36 related specifically to what was within the council's power to effect relating to climate change and by demonstrating leadership, that could affect the wider, global climate change challenge.

**SR21 Unable to manage housing pressures and deliver new housing supply**

- 21.5 In response to questions raised, the Interim Executive Director, Housing Neighbourhoods and Communities explained that it was likely to risk rating would continue at varying degrees for the foreseeable future and the challenge relating to reducing the risk was making long-term change in terms of homeless prevention and the like.

**21.6 RESOLVED-**

- 1) That the Audit & Standards Committee note the SRR detailed within Table 1 of this report.
- 2) That the Committee note Appendix 1 the CAMMS Risk report with details of the Strategic Risks and actions taken ('Existing Controls') and those planned.
- 3) That the Committee note that there are opportunities for Members, or any staff, to raise issues on Strategic Risks at various points and levels. The process is set out in the amended Appendix 2 which also provides a guide on the risk management process and how Members might want to ask questions of Risk Owners, or officers connected to the strategic risks.

**22 ADULT & COMMUNITY LEARNING**

- 22.1 **RESOLVED-** That given the practical, financial and legal implications, the committee requests the Audit & Standards Committee, by way of additional assurance, to request officers to undertake an audit into why it was not possible to implement the decision agreed at the April 30 meeting of the Policy & Resources Committee.

**23 HOME TO SCHOOL TRANSPORT**

- 23.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that requested the establishment of a Panel to consider the advice of the independent barrister in relation to the report commissioned relating to the procurements associated with the Home to School Transport service change which was implemented in September 2019. If approved, the Panel would report its findings to a future meeting of the committee.
- 23.2 In response to questions raised, the Executive Lead Officer, Strategy, Governance & Law explained that the Panel would receive the independent barrister's advice in private. Should the committee determine that the advice be made public, that would be considered if it could be done without prejudicing the council's legal or other interests.
- 23.3 The following Members were appointed to the Panel:

Councillor Hugh-Jones  
Councillor Wares  
Councillor Williams

- 23.4 **RESOLVED-** That the Committee agrees to set up a panel as outlined in paragraph 3.6 to consider the report and oversee the next steps prior to reporting back to this committee.

**24 AUDITED STATEMENT OF ACCOUNTS 2019/20**

- 24.1 The Committee considered a report of the Acting Chief Finance Officer that provided information about the audit of the council's 2019/20 Statement of Accounts and recommends approval of the 2019/20 audited accounts and the Letter of Representation on behalf of the council.
- 24.2 The Committee considered the Audit Findings Report (AFR) that summarised the findings of the 2019/20 audit by the council's appointed auditor, Grant Thornton, which was substantially complete. It included the key messages arising from the audit of the financial statements and the results of work undertaken to assess the Authority's arrangements to secure value for money in its use of its resources.
- 24.3 In response to a question from Councillor Bagaeen, the external auditors explained that there was a potential underestimate on the increase in value of some properties not included in the rolling programme of 'beacon' valuation. In their view, that could cause a potential misstatement in the accounts if left unadjusted. The Head of Finance stated that the council would adjust the figures accordingly in the statement of accounts should the advice to do so be received from Grant Thornton as the council's external auditor.
- 24.4 **RESOLVED-** That the Audit & Standards Committee:
- 1) That the Audit & Standards Committee note the findings set out in the 2019/20 Audit Findings Report.

- 2) Notes the results of the public inspection of the accounts (Section 5).
- 3) Approves the Letter of Representation on behalf of the council (Appendix 1).
- 4) Approves the audited Statement of Accounts for 2019/20 (Appendix 3).
- 5) Agrees that any material difference resulting from the outstanding audit query on the valuation of Council Dwellings should be adjusted before publication of the accounts.

## **25 EXTERNAL AUDIT - AUDIT FINDINGS REPORT 2019/20**

- 25.1 See minute item 24.

## **26 INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 (1 APRIL TO 30 JUNE 2020)**

- 26.1 The Committee considered a report of the Acting Chief Finance Officer that provided an update on all internal audit and counter fraud activity completed during quarter 1 (2020/21), including a summary of all key audit findings. As requested by Members, the summary of key audit findings also included a narrative on the key findings from the most recent audit of the Housing Repairs Service which was completed after the end of quarter 1. The report also includes details of progress on delivery of the annual audit plan along with an update on the performance of the Internal Audit service during the period.
- 26.2 In response to questions raised, the Audit Manager stated that an update report on Cityclean would be received by the next meeting of the committee. A key element of the partial assurance on resident parking permits related to a software solution that a resolution to that had represented a challenge and the issue would be looked at again. In relation to the partial assurance on debtors, this was a concern as it was a key financial service. Improvements were in motion however; these had been delayed due to the pandemic and was likely to be considered again after Christmas. In relation to waivers, the Audit Manager stated that the value was significant, but the process had been overseen by Corporate Procurement and Legal Services in accordance with procedural rules. The Audit Manager explained that the competition in the tendering process could ensure increased value for money on contracts compared to the use of waivers, but the process had been impacted by the pandemic. Going forward, it was hoped that contracts would be re-let under a competitive regime. The Head of Finance added that all use of waivers were reported to P&R Committee and very robust process were in place on their use. Further, the use of waivers had declined in the months up to the Covid outbreak.

- 26.3 **RESOLVED-** That the Committee note the report.

## **27 REVISED INTERNAL AUDIT PLAN 2020/21**

- 27.1 **RESOLVED-** That the Revised Internal Audit Annual Audit Plan for 2020/21 is approved.

## **28 ORBIS INTERNAL AUDIT STAFFING AND RESOURCES**

28.1 **RESOLVED-** That the Committee note the report and in particular the latest position with regard to resourcing the Internal Audit service, including the professional qualifications held by staff.

**29 FORMAL APPROVAL OF THE ANNUAL GOVERNANCE STATEMENT 2019-2020**

29.1 **RESOLVED-** That the Audit & Standards Committee formally approve the AGS at Appendix 1.

**30 STANDARDS UPDATE**

30.1 **RESOLVED-** That the Committee note the information provided in this Report on Member complaints and on standards-related matters.

**31 ITEMS REFERRED FOR COUNCIL**

31.1 The were none.

**32 ITEMS FOR THE NEXT MEETING**

32.1 At the request of Councillor Hugh-Jones, the Committee agreed to request a management report on Debtors and Direct Payments to a future meeting.

The meeting concluded at 6.43pm

Signed

Chair

Dated this

day of