
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	13 FEBRUARY 2013
PRESENT	COUNCILLORS BARNES, BROOKS (VICE-CHAIR) -ITEM 39 ONWARDS, BURTON, CUTHBERTSON, STEWART, WATSON AND HODGSON (SUBSTITUTE FOR COUNCILLOR CUNNINGHAM- CROSS)
APOLOGIES	COUNCILLOR CUNNINGHAM-CROSS

36. APPOINTMENT OF CHAIR

RESOLVED: That Councillor Cuthbertson be appointed as Chair of the meeting.

37. DECLARATIONS OF INTEREST

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on this agenda. None were declared.

38. MINUTES

RESOLVED: That the minutes of the meeting of 12 December 2012 be approved and signed by the Chair as a correct record.

39. PUBLIC PARTICIPATION

There had been one registration to speak under the Council's Public Participation Scheme. Gwen Swinburn stated that she had been seeking opportunities to raise issues in respect of the governance of the city. She requested that the committee gave due consideration to the governance agenda as well as meeting its responsibilities in respect of audit. She stated that she would welcome a review of governance. Citizens wanted to engage and be more involved and would welcome increased transparency in decision making. She requested that the committee considered looking at governance in a constructive way.

The Chair stated that the committee had already started to review its role and terms of reference as part of a self-evaluation process. The issues raised by the speaker would be discussed with the Chair and Vice-Chair of the committee and the Monitoring Officer. If appropriate, an item could be included on the agenda for the next meeting so that the committee's role in terms of governance could be given further consideration. It was also agreed that clarification would be sought as to the role of the scrutiny committees in monitoring governance. If necessary, discussions would be held with the Chair of the Corporate and Scrutiny Committee to ascertain whether it would be appropriate for a scrutiny review to be carried out around the issues raised.

40. EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That the press and public be excluded from the meeting during consideration of Annex 1 to agenda item 10 on the grounds that it contains information relating to prevention, prosecution or investigation of crime. This information is classed as exempt under paragraph 7 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information) (Variation) Order 2006).

41. AUDIT AND GOVERNANCE COMMITTEE FORWARD PLAN TO DECEMBER 2013

Consideration was given to a paper which presented the future plan of reports expected to be presented to the Committee during the forthcoming year to December 2013.

Members requested that the wording of the item on email policy, which was due to be considered at the meeting on 19 March, be reworded as the phrasing used may be misleading to members of the public.

RESOLVED: That the Committee's Forward Plan for the period up to December 2013 be noted.

REASON: To ensure the Committee receives regular reports in accordance with the functions of an

effective audit committee and can seek assurances on any aspect of the council's internal control environment.

42. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

Members considered a report that sought their approval for the arrangements for the review of the effectiveness of internal audit.

Members noted that it was proposed to undertake the review jointly with North Yorkshire County Council through the Shared Service Contract Board (SSCB) and in consultation with the respective audit committee Chairs.

RESOLVED: That the proposed arrangements for undertaking the review of internal audit effectiveness, as detailed in the report, be approved.

REASON: To enable Members to consider the adequacy and effectiveness of the council's internal audit arrangements.

43. SCRUTINY OF THE TREASURY MANAGEMENT MONITOR 3 REPORT 2012/13 AND REVIEW OF PRUDENTIAL INDICATORS

Members considered a report that provided an update on treasury management activity for the first nine months of 2012/13.

Officers went through the report and responded to Members' questions. Discussion took place regarding Prudential Indicator 6 – authorised borrowing and operational boundary, including how the Capital Financing Requirement was formed and how this related to external borrowing.

Consideration was given to the committee's training requirements in respect of treasury management. It was noted that a full day's training session for the Audit and Governance Committees of client councils had been provisionally arranged for 18 June 2013. This would be a CIPFA course covering the general responsibilities of audit and governance committees. As the topics that would be covered had not yet been finalised,

a session on the Local Government Pension Scheme could be incorporated into the programme. Members agreed that it would also be useful to receive training on treasury management issues that were specific to City of York Council and hence it would be more appropriate for this topic to be covered at a separate training session held prior to the committee's next meeting.

Members were sorry to note that Louise Branford-White would be leaving the council to take up a new appointment. They paid tribute to the work that she had carried out and thanked her for the excellent support that she had provided to the committee.

- RESOLVED:
- (a) That the report be noted.
 - (b) That the committee meeting on 17 April 2013 commence at 5.30pm rather than 5.00pm to enable a training session on treasury management to be held at 5.00pm.

REASON: In order that those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

44. SCRUTINY OF THE TREASURY MANAGEMENT STRATEGY STATEMENT AND PRUDENTIAL INDICATORS

Members considered a report that provided an update on the Treasury Management Strategy Statement and Prudential Indicators 2013/14 to 2017/18.

Members' attention was drawn to paragraph 4 of the report which detailed the key issues.

Officers responded to Members' questions. Discussion took place regarding the situation in respect of the Club Loan. Officers agreed to provide details as to the start and end date of the loan following the meeting¹.

RESOLVED: That the Treasury Management Strategy Statement and Prudential Indicators for 2013/14 to 2017/18, as detailed in Appendix A of the report, be noted.

REASON: To ensure that those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

Action Required

1. Provide information on Club Loan

RB

45. PROGRESS REPORT ON 2012/13 AUDIT REPORT

Members considered a report that provided an update from Mazars on their progress in delivering their responsibilities as the council's auditors.

RESOLVED: That the report be noted.

REASON: To ensure that Members are aware of Mazar's progress in delivering their responsibilities as external auditors.

46. FRAUD RISK ASSESSMENT

Members considered a report on the potential fraud risks to which the council is exposed and the proposed counter fraud activity to address those risks.

At the request of Members, officers outlined the measures that were in place to address risks associated with the following issues:

- Use of council vehicles
- Creditor payments
- Cancellation of debts
- Use of internet and email
- Social care payments and arrangements to protect vulnerable clients

- Protection of council assets during the process of relocating to West Offices

Members noted the areas that had been identified for further development, as outlined in paragraph 5 of the report.

RESOLVED: That the fraud risk assessment set out in Annex 1 of the report and the proposed priorities for counter fraud work set out in the Annex and at paragraph 5 of the report be agreed.

REASON: To ensure that scarce audit and counter fraud resources are used effectively.

47. INTERNAL AUDIT PLAN CONSULTATION

Members considered a report that sought their views on the priorities for internal audit for 2013/14, to inform the preparation of the annual audit plan.

Attention was given to the priorities for audit for 2013/14, as outlined in paragraph 4 of the report. Members expressed their support for the identified priorities but suggested that the impact of the office moves should also take into account issues such as the possibility of mail continuing to be inadvertently delivered to disused premises. It was also suggested that the scope of the work in respect of public health may need to be more clearly targeted.

RESOLVED: That the proposed approach to internal audit planning for 2013/14, as outlined in the report, be agreed.

REASON: To ensure that scarce audit resources are used effectively.

48. URGENT BUSINESS - PUBLIC PARTICIPATION

Referring to agenda item 3 - Public Participation (minute 39 refers) a Member expressed concern that discussion had taken place with the registered speaker following her statement, as this was not in accordance with the Public Participation

Scheme. The Chair stated that he believed that it had been appropriate to inform the speaker that the points she had raised would be considered. Other Members supported this view and stated that they welcomed the fact that the public wished to engage in governance issues.

Chair

[The meeting started at 5.20 pm and finished at 7.00 pm].