

PURPOSE OF THE REPORT

To provide Members of the council with details of the work of the Audit and Governance Committee covering the year to 25th March 2015. The report also details how the Audit and Governance Committee has fulfilled its terms of reference.

BACKGROUND

The Audit and Governance Committee is responsible for overseeing the Council's corporate governance, audit and risk management arrangements. The Committee is also responsible for approving the Statement of Accounts and the Annual Governance Statement. The functions of the Audit and Governance Committee are set out in Section 7, Part 3C of the Constitution. A copy of the list of the Committee's responsibilities is attached at **Appendix 2** for information.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that audit committees are operating effectively. The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

WORK UNDERTAKEN

The Audit and Governance Committee has met on seven occasions in the year to 25th March 2015. During this period, the Committee has assessed the adequacy and effectiveness of the council's risk management arrangements, control environment and associated counter fraud arrangements through regular reports from officers, internal audit and the external auditors, Mazars. The Committee has sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified by auditors or inspectors during this period. The Committee has also sought to ensure effective relationships exist between internal and external auditors, inspection agencies and other relevant bodies.

The specific work undertaken by the Committee is set out below by subcategory.

Risk

1. The Committee considered a report which presented an update on the key corporate risks, which highlighted in more detail emerging risk issues with a view to Members considering any further information they would wish to receive on these matters.
2. The Committee also received an overview National Risk report which provided Members with an update on the new and emerging wider risks that might face the Council. Members had the opportunity to identify any further information they would like to receive on these matters.
3. Members also received a session of Risk Management training during the year.

Internal Audit and Counter Fraud

4. The Committee received and considered the results of internal audit work completed during the period and monitored the progress made by management to address identified control weaknesses.
5. Received, considered and approved the initial Internal Audit and Counter Fraud plan along with a number of update reports on the progress made throughout the year.
6. Received two reports which provided an update on the progress in implementing the Information Governance Strategy, information governance developments and progress made to develop the Council's information governance arrangements.
7. Members requested and received an additional update report on the Council's Absence Management procedures in light of concerns raised in the Annual Governance Statement. The report outlined plans in place to address these concerns.
8. Considered a report which sought Members' views on the priorities for internal audit for 2015/16, to inform the preparation of the Internal Audit plan. The report also informed Members about potential fraud risks facing the council and potential counter fraud activity to address those risks.
9. Received the Annual Report of the Head of Internal Audit which summarised the outcome of audit and fraud work undertaken in 2013/14 and provided an opinion on the overall adequacy and effectiveness of the council's internal control arrangements.

Members scrutinised the significant control issues highlighted in the report and noted that these were reflected within the Annual Governance Statement.

External Audit

10. Received and considered Mazars Audit Strategy Memorandum which set out the audit plan in respect of the audit of the Council's Financial statements for 2014/15 along with the Value for Money audit plan. The Committee were satisfied the plan sufficiently reflected the audit needs and interests of the Council.
11. Received and considered the Annual Audit Letter which summarised the outcome of the 2013/14 audit carried out by Mazars. Members noted the findings of the audit contained in the report.
12. Considered a report that presented the results of Mazars certification of Claims and Grants in 2013/14.
13. Received regular reports on the progress made by Mazars in meeting their responsibilities as the Council's external Auditor. The Committee were also kept updated on key emerging national issues and developments
14. Received and considered an Audit Completion report from Mazars which summarised their audit conclusions for the year ended March 2014.

Treasury

15. The committee continued the role of scrutinising the Council's treasury management strategy and policies and considered two update reports during the year.
16. Members received and considered the annual treasury management strategy statement and prudential indicators for 2014/15, and also later considered a mid year review report updating Members on the performance for the first six months of the year.

Governance and Statement of Accounts

17. Considered and approved the Annual Governance Statement, noting that action plans would be put in place to address each of the significant governance issues identified. The Committee

received various update reports from officers during the year on the progress that had been made on each of the items identified as significant governance issues. These included:

- a. Adult Social Care Progress report
- b. Absence Management Progress Report
- c. Information Governance update reports
- d. Partnership Governance update report

18. Considered the Annual report of the Audit and Governance Committee prior to its submission to Full Council.
19. Initially considered a draft pre audited version of the Statement of Accounts for 2013/14 before approving the Final audited Statement of Accounts at a later meeting.

Democratic Governance

20. The Committee have received a number of reports related to Democratic Governance throughout the year including:
21. A report advising members on the Council's response to a recent internal audit report in relation to democratic governance. The report included details of the progress being made against recommendations made.
22. A report setting out limited changes to the committee's terms of reference. Members considered the report prior to recommending to Full Council for approval.
23. Two progress reports throughout the year summarising progress made in respect of a revision to the Council's constitution.
24. A report setting out revised Council procedure rules. Members considered the revisions and made recommendations to Full Council that the revised rules be adopted.
25. A report proposing new arrangements for handling petitions made to the Council. Members made recommendations which resulted in an updated petitions scheme and amendments made to the terms of reference of the Corporate and Scrutiny Management Committee.
26. A report which sought Members' views on whether any changes were required in the governance arrangements for scrutiny. Members made a number of recommendations for changes to

scrutiny arrangements, which were fed back to the Corporate and Scrutiny Management Committee

27. A report setting out the context and early findings of a review carried out by the Local Government Association (LGA) into member-officer relations. Members requested an additional meeting to receive the written report and consider the way forward.
28. Members later received a further report setting out the draft action plan prepared in response to findings following the LGA peer review, to ensure arrangements were in place to address the recommendations from the review
29. Considered a report detailing a list of governance changes submitted by opposition groups and Independent Members, and the Leader's response to the proposed changes.
30. Received a report in relation to constitutional changes regarding contract procedure rules, to ensure that the Council's procurement activity is both effective and lawful. Members scrutinised the report before recommending to Council for approval.
31. Received a report in relation to constitutional changes regarding access to information rules, to ensure the council has effective and accessible rules in place and the Constitution is kept up to date. Members put forward amendments before recommending to Council for approval.

Other

32. At each meeting the Committee has maintained a rolling Forward Plan for meetings a year in advance, to ensure that its responsibilities are discharged in full and appropriate reports are scheduled to be brought by officers on a timely basis.
33. Received a report presenting the draft revised financial regulations to ensure they remain appropriate in maintaining the integrity of the Council's financial arrangements. Members commented on the proposed changes before recommending to Full Council for consideration.
34. Received a partnership governance report setting out work ongoing as part of an action plan to ensure that the council has a methodology and approach in place to ensure partnerships operate effectively.

35. Members considered a report that covered the actions taken in respect of the governance of major projects, as a result of the review of the trial closure of Lendal Bridge in 2013/14.
36. Considered a further project management update report, to ensure Members are fully updated on the Council's approach to the management of programmes and projects.
37. Received three update reports on progress made by Adult Social Care against the ten recommendations made by the External Auditors to assist the service to respond more effectively and quickly to the challenges posed by the continuing demographic changes and by financial constraints.
38. Members received a report providing an update on the Council's progress and performance in responding to Freedom of Information requests and scrutinised the contents.
39. Considered a report setting out the Council's approach to business continuity, and the current position of the council with regards to identifying those service areas which provide critical services and the progress made towards the development of business continuity plans for these critical service areas.
40. Received an update report on the Council's progress in implementing the requirements under the revised local government transparency code.
41. Received a report seeking approval for the appointment of two independent co-opted members to the Committee to be recommended to Full Council.

Summary

42. The Audit and Governance Committee have considered a large number of reports during 2014-15 in carrying out their responsibility for overseeing the Council's corporate governance, audit and risk management arrangements and providing assurance that the Council's financial and governance procedures are effective. The Committee has also carried out its duty in scrutinising the Statement of Accounts and Annual Governance statement prior to approval, alongside overseeing the appointment of two new independent co-opted members to the Committee for the upcoming year.

Cllr Neil Barnes - Chair of the Audit & Governance Committee