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Meeting	Audit and Governance Committee
Date	12 September 2023
Present	Councillors J Burton (Vice-Chair), Hollyer (Chair), Fisher, Mason (from 6:29 pm), Melly, Rose and Whitcroft Mr Leigh (Independent Member) (from 5:36pm)
Officers in Attendance	Mark Kirkham, Partner, Mazars Mark Outterside, Senior Manager, Mazars Bryn Roberts, Director of Governance and Monitoring Officer Helen Malam, Principal Accountant (from 5:30 pm to 6:35 pm) Debbie Mitchell, Chief Finance Officer & Section 151 Officer Max Thomas, Head of Internal Audit, Veritau Connor Munro, Assistant Director of Audit Assurance, Veritau Jonathan Dodsworth, Assistant Director of Corporate Fraud, Veritau

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### **13. Declarations of Interest (5:31 pm)**

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 the agenda. None were declared.

### **14. Exclusion of Press and Public (5:31 pm)**

Resolved: That Agenda Item 10, Urgent Business, be brought forward to enable the press and public to be excluded from the meeting during the consideration of Annex 3 to Agenda Item 9 on the grounds that they relate to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information) (Variation) Order 2006).

## **15. Minutes & Action Log (5:32 pm)**

Resolved: That the minutes of the meeting held on 19 July 2023 be approved and then signed by the Chair as a correct record subject to including:

- An additional resolution to minute item 5, Corporate Governance Report:
  - (iv) That the full Key Performance Indicator range be split by directorates and circulated to Committee Members.
- In resolution ii, of minute item 9, Report of the Monitoring Officer, a specific point in the Constitution regarding incoming new Leaders of the Council.

In answer to questions raised regarding sourcing a second Independent Member, and the action log, the Director of Governance confirmed that:

- An advert was currently being prepared and the position would be advertised shortly.
- The action log could be reviewed to demonstrate a clearer control process.

## **16. Public Participation (5:36 pm)**

It was reported that there had been two registrations to speak at the meeting under the Council's Public Participation Scheme.

Gwen Swinburn thanked the Chief Finance Officer for supporting the statutory accounts process but noted her concerns with the Annual Governance Statement, which included, delays in the process, the responses, and that no new priorities were listed. She highlighted good governance by North Yorkshire Council, and suggested a press release be issued to support the Independent Member recruitment. She thanked the Chair for regularizing the transparency of the internal audits, and she asked officers to upload any hidden reports.

Brian Watson spoke on the role of the Civic Party. He highlighted the importance of wearing the robes, the chains of office and having use of a civic carriage for all events. He noted that some lost events, due to the pandemic, required recovering, and he addressed some staff issues within the

service. He suggested that a specific Civic Advisory Group could be convened to consider how the Civic Party were serviced and promoted.

**17. Review of the final draft of the Annual Governance Statement (5:46 pm)**

Members considered a report that presented the draft Annual Governance Statement (AGS) for 2022/23.

The Director of Governance noted that as the draft statement was not available until later in July, the accounts inspection period was extended to meet the statutory 30 working days requirement for the accounts being open for inspection by residents. The draft AGS was attached at Annex A of the report, and in future, it would be published with the annual accounts. The AGS would continue to be updated for any further comments or issues and a final version would be presented to the Chief Operating Officer and the Leader, as well as this Committee.

In answer to questions raised, officers confirmed that:

- The AGS generally reported on events that were relevant to that financial year, although on some occasions, the event occurred after 31 March. For example, the preparation for the local elections took place within the financial year but were not actioned until May 2023.
- They had discussed the transparency of the planned list of audits with Veritau and a report would be prepared that focused on implementing good practices in transparency, reporting, and audit, to deliver effective accountability.
- The independent assessment of the Internal Audit Function had taken place and Members would be updated at the next meeting of this Committee.

The Director of Governance apologised for the delay in publishing the draft AGS and he confirmed that following discussions with the Section 151 Officer, the AGS would be programmed into an earlier part of the preparation process for the annual accounts. This would allow the initial draft to be created, so it could then be published at the same time of the Statement of Accounts.

Resolved: That the draft Annual Governance Statement, attached at Annex A to the report, be noted.

Reason: To ensure that Members had the opportunity to review the draft Annual Governance Statement.

**18. Monitor 1 2023/24 - Key Corporate Risks (5:54 pm)**

Members considered a report that provided an update on the key corporate risks (KCRs) for City of York Council (CYC).

The Principal Accountant provided a general overview noting that as part of the council's risk management process, this Committee was required to consider the twelve key corporate risks that officers had highlighted within Annex A to the report.

It was noted that the KCRs were also considered by the Corporate Management Team (CMT) and Executive CMT, where it had been questioned if extreme weather events should be added to the register as a separate KCR. Officers confirmed that they had not at this stage created a separate risk but had updated KCR 12 to include the fact that there was an increasing frequency of extreme weather events. Following discussion, officers agreed to investigate what processes the council currently had in place for urgent extreme weather incidents and Members generally felt that extreme weather events may not necessarily require its own KCR but that officers could consider expanding KCR 12 to include the impacts extreme weather incidents had on communities and people's wellbeing.

The longer term strategic view and the financial forecasts were also discussed. Officers confirmed that the long term forecasts would be closely monitored, along with, the council's statutory responsibilities, and potential mitigations, which would include reviewing the capital programme, and reducing interim and agency staff. Members also noted that Corporate Directors had been instructed to monitor the impacts on the workforce within their departments.

The current national trends recently reported, government funding and how the council generated income were also considered, and officers confirmed:

- Students were exempt from paying council tax and they would investigate if there were any government schemes in place to recover that lost income.
- They would consider the project management of the Castle Gateway Project and York Central to enable

improved consultation and engagement with the general public. (KCR 7).

- They would modify the wording used in relation to the adoption date of the Local Plan. (KCR 8).

Resolved:

- (i) That the KCRs included at Annex A, and summarised at Annex B of the report, be considered.
- (ii) That feedback be received on any further information that Members may wish to see on future committee agendas.
- (iii) That Members received feedback on the current processes in place for urgent extreme weather incidents.
- (iv) That officers consider expanding KCR 12 to include the impacts extreme weather incidents had on communities and people's wellbeing
- (v) That officers investigate if there were any government schemes in place to recover any lost council tax income.
- (vi) That the project management of the Castle Gateway Project and York Central be considered by officers to enable improved consultation and engagement with the general public. (KCR 7).
- (vii) That the wording used in relation to the adoption date of the Local Plan be modified. (KCR 8).

Reason: To provide assurance that the authority was effectively understanding and managing its key risks

## **19. Treasury Management Monitor 1 (6:20 pm)**

Members considered the Treasury Management Quarter 1 review and Prudential Indicators for 2023/24, and they noted that Annex 1 to the report would also be presented to Executive on 14 September 2023.

The Chief Finance Officer provided an overview stating that the Audit & Governance Committee were responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. She addressed the treasury position to date, and highlighted the inflationary pressures, where Members were informed that:

- No new borrowing had been undertaken in the year so far.

- Officers continued to invest in line with the three priorities; security, liquidity and yield.
- Officers continued to closely monitor the inflation interest rates and inter authority borrowing.

The impact of the current interest rates were discussed, and in answer to questions raised, officers explained the reasoning behind the gaps and spikes within the Debt Maturity Profile

Resolved:

- (i) That the Treasury Management Review and Prudential Indicators 2023/24, at Annex A of the report, be noted.
- (ii) That treasury management be included in the Member training schedule.

Reason: That those responsible for scrutiny and governance arrangements were updated on a regular basis to ensure that those implementing policies and executing transactions had properly fulfilled their responsibilities with regard to delegation and reporting.

## **20. Audit and Governance Work Plan 2023/24 (6:28 pm)**

Members considered the work plan for the 2023/24 municipal year.

The Director of Governance provided an update on the new combine authority arrangements. He noted that central government were currently drafting the order and he was hopeful the creation of the combine authority would transpire around January. Officers had been assured that there would be no impact on the intended election day in May 2024. In the meantime, a report highlighting how the governance would dovetail with City of York Council and North Yorkshire Council would be considered by the Corporate Services, Climate Change and Scrutiny Management Committee.

Resolved: To receive a report that focused on implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Reason: To ensure the Committee maintained a programme of work for 2023/24.

An adjournment took place between 6:32 pm and 6:41 pm

**21. Audit & Counter Fraud Progress Report (6:56 pm)**

Members considered a report that provided an update on the delivery of the internal audit work programme for 2023/24 and on counter fraud activity undertaken so far in the year.

The Head of Internal Audit provided an overview and noted the annexes to the report. He confirmed that they had received good cooperation from council officers and had progressed with no significant issues.

The Assistant Director for Audit Assurance discussed the delivery of the internal audit services for City of York Council. He informed Members that since the last meeting, Veritau had finalised eight audits, which also included the addition of insurance and risk management reports, reducing the outstanding audits to three. The appendices, to Annex 1 of the report, were then brought to the attention of the Committee.

The Assistant Director of Corporate Fraud provided an overview of the corporate fraud service, as noted within Annex 2 to the report. He confirmed that the team had received 126 reports of suspected fraud and had completed 41 investigations to date. The Assistant Director highlighted a typo within Appendix A, to Annex 2, where the second column of the first chart and the first column of the second chart should read 2023/24.

At 7:05 pm the meeting closed to press and public and Members received an overview on the Jewson managed stores contract.

Resolved: That the progress made in delivering the 2023/24 internal audit work programme, and current counter fraud activity, be noted.

Reason: To enable Members to consider the implications of audit and fraud findings.

## 22. Urgent Business (6:41 pm)

The Director of Governance highlighted that the council, over the last 30 months, had accumulated a backlog of 261 Freedom of Information (FOI) cases which the Information Governance (IG) Team had no record of a response. The Director explained, that as of the end of August 2023, officers had since identified that some responses had been sent by some departments but that the IG Team had not been copied in.

Members noted that the numerical backlog was such that following discussion with the Information Commissioner's Office (ICO), the ICO had indicated that it intended to issue an enforcement notice, in the near future, requiring that the council resolves the backlog. As part of the ICO's response they would also require an action plan that demonstrated how the backlog would be managed.

The Director highlighted the progress made to date stating that the Information Governance Team, with significant assistance from officers across the council, had issued 82 responses of those 261 requests.

Members were also informed that the council's procedures would be revised and strengthened to ensure this setback was not repeated, and an action plan was currently being devised and would be published, as was required by the ICO.

The Director recognised that this was not an acceptable position, and he personally apologised for the unacceptable failure of service.

Members expressed their concerns and in answer to questions raised regarding the impact this had on the council, and the strategy to clear the backlog, the Director confirmed that:

- The responses made so far were a combination of replying from scratch and locating the response.
- Officers continued to liaise with departments for responses and were working on the assumption that the remaining outstanding cases would most likely have to be responded to from the start.
- The deadline period set by the ICO was generally six months.
- Having more published information on the council's website and York Open Data platform would reduce the



amount of FOI requests received. As part of that process, navigating the council's website would be reviewed.

- There was a dedicated officer working on any new FOI requests to stop any further backlog.
- FOI requests were submitted through various portals, which could be a challenge for the IG Team to track.
- Officers would consider establishing a bi-weekly meeting with senior officers involved to address the outstanding requests to keep on top of the progress and drive things forward.
- Training for staff could be included in the action plan.

It was noted that officers were confident the backlog would be cleared well within the deadline set by the ICO, and Members thanked the Director for the update.

Resolved: That an initial response be provided to Committee Members on the strategy to clear the backlog and then an update, from the Information Governance Team, be provided at the next meeting.

Reason: To ensure Committee Members were properly updated to monitor the progress.

Cllr Hollyer, Chair

[The meeting started at 5.31 pm and finished at 7.16 pm].