
Meeting	Audit & Governance Committee
Date	11 February 2015
Present	Councillors Ayre (Chair), Brooks (Vice-Chair), Potter, Barnes, D'Agorne, Fraser, and Scott and Mr Whiteley (Co-opted Non-Statutory Member)

Part A - Matters Dealt with Under Delegated Powers

56. 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 the agenda. The following interests were declared:

- Councillor Barnes declared a personal interest in agenda item 6 (Lendal Bridge Trial) as his employer was a sponsor of *one of the future occupants* of the Community Stadium which was a project which was referred to in the report. He stated that he would not take part in any discussion in respect of this issue. *[as amended at meeting of 25 March 2015]*
- Councillor Brooks declared a personal interest in agenda items 15 and 16 (Mazars Audit Progress Report and Mazars Annual Grants Report) as a member of a teachers' pension fund.
- Councillor Ayre declared a disclosable pecuniary interest in respect of agenda item 9 (LGA Peer Review) by virtue of his employment. He stated that he would withdraw from the meeting for this item.

57. Exclusion of Press and Public

Resolved: That the press and public be excluded from the meeting during consideration of annex 1 to agenda item 20 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).

58. Minutes

Resolved: That the minutes of the meetings of the Audit and Governance Committee held on 10 December 2014 and 15 January 2015 be approved and signed by the Chair as a correct record.

59. Public Participation

It was reported that there had been no registrations to speak under the Council's Public Participation Scheme but that one member of Council had registered to speak.

Councillor Warters raised the following issues:

- Referring to the committee's Forward Plan, he requested that the report on funding for roads be brought forward and that the Cabinet Member, representatives from Veritau and other officers be requested to attend the meeting at which it was considered.
- Following a response received to a Freedom of Information request, Councillor Warters raised concerns regarding the relationship between officers and developers.
- Referring to paragraph 7 of the report on Internal Audit Plan Consultation and Counter Fraud Risk Assessment, Councillor Warters requested that the community stadium project be considered by Mazars immediately.

60. Audit and Governance Committee Forward Plan to December 2015

Members considered a paper which presented the future plan of reports expected to be presented to the committee during the forthcoming year to December 2015.

Members were asked to identify any further items they wished to see added to the Forward Plan.

Resolved: (i) That the committee's Forward Plan for the period to December 2015 be approved.

Reason: (ii) 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 in accordance with its roles and responsibilities.

It was noted that the next meeting of the committee was scheduled to take place on 15 April 2015, which was within the purdah period. Members were asked to consider whether they would wish to bring forward the date of the meeting

Following a vote is was

Resolved: (ii) That the meeting scheduled for 15 April 2015 be brought forward to ensure that it does not fall within the purdah period.

Reason: (ii) To ensure that discussion on the reports presented is not inhibited by the restrictions of purdah.

61. Lendal Bridge Trial

Members considered a report that covered the actions taken in respect of the governance of major projects, including transport projects, as a result of the review of the trial closure of Lendal Bridge in 2013-14.

Officers gave details as to how the recommendations, where accepted, had been implemented and how the management of large projects continued to be developed to ensure project management was more robust. This work had included separating transport projects from brownfield and infrastructure projects and putting in place more structured reporting arrangements. Members' attention was also drawn to the projects that were currently being progressed and of the need to ensure that project planning was appropriately resourced.

Members questioned officers on the timing of the commissioning of a review to Crown Management Solutions and the brief that had originally been given.

Members queried the accuracy of the information in paragraph 16 of the report in respect of the membership of The Stadium Board.

Clarification was sought as to the measures that had been taken to address the issue of unrealistic expectations by Members in respect of future projects. Officers stated that discussions had taken place with Members regarding expectations and realistic timescales for the implementation of projects. Projects were being appropriately scoped to ascertain the scale of what had been requested and to determine responsibilities in respect of decision making. Members were informed that the recommendation that potential manifesto promises needed to be communicated with officers before they were published had not been accepted, as it had not been thought appropriate for officers to be involved in the manifesto process.

At the request of Members, details were given of the boards that were in place and the mechanisms for reporting back to ensure that they were accountable. Members suggested that, in order to ensure accountability, updates on the work of the boards should be reported back to Scrutiny or Cabinet on a regular basis.

Officers responded to questions in respect of the powers of the Leader and the decisions and functions that he could carry out, including urgency arrangements. Details were also given of the situation in respect of the appeal to the traffic adjudicator.

Officers were asked if the governance and management of the Lendal Bridge project had been typical of projects that were taking place at the time. Members were informed that this did not appear to have been the case and that other projects, for example the Park and Ride project, had been delivered to budget and on time.

Resolved: That the report be noted.

Reason: To inform Members of the actions taken in respect of the governance of major projects.

62. Project Management Update

Members considered a report which provided an update on the approach to the management of programmes and projects.

Details were given of the systems and procedures that were in place and of the consideration that was being given to ways of improving information that was available in respect of the development of projects, including the possibility of making live feeds available on the website.

Members suggested that it would be useful for the member training programme to include a topic on project management.

Resolved: (i) That the progress on embedding programme and project management across service areas be noted.

(ii) That it be noted that, in April 2015, the Transformation programme will run a specific gateway review of Year 1 progress, deliverables and lessons learned and that this will be shared with the committee.

Reason: To ensure Members are updated on the Council's approach to the management of programmes and projects.

63. Update Report on Adult Social Care

Members considered a report which provided an update on progress made by Adult Social Care against the recommendations by the External Auditors to assist the service to respond more effectively and quickly to the challenges posed by continuing demographic growth and financial constraints.

Members noted that there had been a steady improvement in the outturn projection, as detailed in Annex 1 of the report, and questioned officers as to how this had been achieved.

Officers drew Members' attention to the progress that had been made in implementing the Action Plan, as detailed in Annex 2 of the report. Members were informed that officers had worked closely with Mazars and that significant progress had been

made. It was noted that a new date had been set for formal training (P2) but that all other actions had now been completed.

Officers were questioned about the use of temporary staff and were updated on the action that had been taken to address this issue and ensure that appropriate staffing ratios were in place.

- Resolved: (i) That the report be noted.
- (ii) That a further report be presented to the committee at their meeting in June 2015.

Reason: To ensure that Members are satisfied with the progress that is being made in addressing the issues raised.

64. Local Government Association (LGA) Peer Review

*[Councillor Ayre withdrew from the meeting for this item.
Councillor Brooks in the Chair]*

Members considered a report that set out the action that had been taken in response to the LGA Peer Review made at the request of Council on 9 October 2014. The Audit and Governance Committee had discussed the LGA Peer Review findings at its meeting on 10 December 2014 and a request had been made for officers to draft an action plan for the committee and Group Leaders to consider.

Consideration was given to the draft action plan (Annex A of the report) and Members were asked to identify any further work they wished to see commissioned.

Members were informed that, at their meeting on 9 February 2015, the Joint Standards Committee had considered those aspects of the report which related to their work. The committee had indicated that it would be willing to carry out any tasks assigned to it by the Audit and Governance Committee but had agreed that the issues raised in the LGA report would require a change in culture. The Joint Standards Committee was intending to meet with Group Leaders and Whips at the start of the municipal year to look at ways of promoting ethical governance. The Committee had also agreed to draft guidance on the use of social media.

Referring to recommendation 3, Members suggested that as there would be a need for the guidance and briefing sessions to be made available to new Members after May, it may be more appropriate for the briefing sessions to be included as part of the programme of training offered to new and returning Members rather than seeking to complete this action by the end of March 2015.

Resolved: (i) That the action plan (Annex A of the report) be approved.

(ii) That, in order to maintain momentum in the implementation of the action plan, an update report be presented at the next meeting and that subsequently updates on Annexes, A, B and C of the report be provided at alternate Audit and Governance Committee meetings during 2015/15.

Reason: To ensure arrangements are in place to address the recommendations arising from the review.

65. Proposed Governance Changes by Opposition Groups

Members considered a report that detailed a list of governance changes submitted by the Opposition Groups and Independent Members, and the Leader's response to the proposed changes.

Resolved: That the proposed changes, the advice from officers, and the Leader's response be noted.

Reason: To ensure Members are aware of the proposed changes and the Leader's response.

66. Business Continuity

Members considered a report that set 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.

Members noted that, of the 67 service areas identified as needing to complete Business Continuity Plans, 66 of these had

been completed. Officers stated that although there had been a delay in completing the formal Business Continuity Plan for Public Health this did not place the authority at significant risk, as the main responsibilities for a public health emergency rested with Public Health England.

Resolved: That the report be noted.

Reason: To ensure Members are updated on the council's approach to business continuity and the current position.

67. Key Corporate Risk Monitor 3 for 2014/15

Members considered a report that presented an update on the key corporate risks for City of York Council, and the present refreshed Key Corporate Risk Register 2015.

Resolved: (i) That the refreshed corporate risk register set out in Table 2 of the report, and in detail at Annex B of the report, be noted.

(ii) That the controls in place and the planned management actions, to be monitored by the committee as part of its Forward Plan of work, be noted.

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

68. Mazars Audit Progress Report

Members considered a report which updated them on progress made by Mazars in meeting its responsibilities as external auditor. The report also included key emerging national issues and developments.

Members' attention was drawn to the following issues:

- The work that was taking place to certify completion of the audit following the objection that had been raised in relation to the receipts arising from penalty charge notices for Lendal Bridge and Coppergate.
- Planning for the 2014/15 audit was now well under way.
- The Audit Strategy Memorandum would be presented at the next meeting.

- An update was given on the National Fraud Initiative.
- City of York Council's performance in respect of fraud detection activities, as detailed in Appendix 1 of the report.

Resolved: That the report be noted.

Reason: To ensure that Members are kept updated on the work of the external auditors and key emerging national issues and developments.

69. Mazars Annual Grants Report 2013/14

Members considered a report which presented the Mazars Certification of Claims and Returns Annual Report for 2013/2014.

Resolved: That the report be noted.

Reason: To ensure that Members are kept informed of the external auditor's certification work.

70. Update on Implementation of revised Transparency Code

Members considered a report that provided an update on progress on the implementation of the revised Local Government Transparency Code.

Resolved: That the progress made in ensuring compliance with the revised Transparency Code be noted.

Reason: To provide assurance to Members that the Council is meeting the legal requirements of the Transparency Code.

71. Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2015/16 to 2019/20

Members considered a report that presented the Treasury Management Strategy Statement and Prudential Indicators 2015/16 to 2019/20.

Resolved: That the Treasury Management Strategy Statement and Prudential Indicators for 2015/16 to 2019/20 (Annex 1 of the report) be noted.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

72. Information Security Update Report

Members considered a report that provided an update on the adequacy and effectiveness of the Council's information security arrangements.

Members' attention was drawn to the powers of the Information Commissioner's Office to fine organisations for data breaches or losses. Details were given of the arrangements that the Council had in place to mitigate the risks.

Resolved: That the progress made to maintain and develop the Council's information security arrangements be noted.

Reason: To enable Members to consider the effectiveness of the Council's information security arrangements and the steps being taken to address the issue identified in the last Annual Governance Statement.

73. Internal Audit Plan Consultation and Counter Fraud Risk Assessment

Members considered a report that sought their views on the priorities for internal audit for 2015/16, to inform the preparation of the annual audit plan. The report also informed Members about potential fraud risks that the Council was exposed to, and proposed counter fraud activity to address those risks.

Members' attention was drawn to paragraph 7 of the report which listed the proposed priorities for audit 2015/16. Members made the following suggestions:

- The proposed audit of overtime and additional hours should also consider flexi-time.
- To avoid the possibility of reputational damage to the Council and to provide reassurance on this issue, consideration should be given as to whether the Council was abiding by best practice in respect of the relationship between officers and developers.

- Resolved: (i) That Members supported the proposed approach to internal audit planning for 2015/16.
- (ii) That Members supported the fraud risk assessment and proposed priorities for counter fraud work set out in Annex 1, and paragraph 9 of the report.

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

Part B - Matters referred to Council

74. Contract Procedure Rules

Members considered a report which invited them to make recommendations to Council in relation to constitutional changes regarding the Contract Procedure Rules.

Details were given of the changes to the existing policy, as outlined in the report.

Recommend: That the Contract Procedure Rules, as set out in the annex to the report, be adopted and included within the Council's Constitution.

Reason: So that the Council has controls in place to ensure that procurement activity is effective and lawful.

75. Access to Information Rules

Members considered a report which invited them to make recommendations to Council in relation to constitutional changes regarding access to information rules.

Members welcomed the bringing together of the rules on accessing information and put forward the following suggestions regarding wording:

- para 1.8.1 – check whether the wording in respect of proposed development is required to be listed under each of the conditions

- para 1.15.1 (d) – amend “executive member” to read “Cabinet Member”
- para 1.17 and 1.18 – consider whether the wording could be amended so that all rights of access for Members were listed together
- para 1.8. - correction to numbering of sub-paragraphs
- para 1.18.3 (b) – give consideration as to whether the wording could be amended to give greater emphasis to openness and transparency

Members agreed that it would be useful for training on access to information to be included in the Member training programme for the new municipal year.

- Recommend:
- (i) That the rules in the annex to the report be included in the Constitution.
 - (ii) That the Monitoring Officer make consequential changes to the Constitution.
 - (iii) That the Monitoring Officer bring a report to a future meeting of the Audit and Governance Committee in relation to guidance to officers on recording decisions.

- Reasons:
- (i) To ensure that the Council has effective and accessible rules in place.
 - (ii) To ensure that the Constitution is kept up to date.
 - (iii) To allow Members to comment on the guidance.

Councillor Ayre, Chair

[The meeting started at 5.30 pm and finished at 8.30 pm].