

Meeting	Audit & Governance Committee
Date	27 July 2016
Present	Councillors N Barnes (Chair), Dew (Vice-Chair), Cuthbertson, Fenton, Flinders, Kramm and Lisle Mr Bateman and Mr Mendus

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## 12. 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.

- Councillor Flinders declared a disclosable pecuniary interest in agenda item 7 (Programme/Project Management Update), as he was employed as a project manager. He also declared a prejudicial interest in respect of references to York Central and stated that he would refrain from participating in discussion in respect of that project.
- Councillor Cuthbertson declared a personal interest in agenda item 4 (Statement of Accounts) as a Trustee of York Museums Trust.
- Councillor Barnes declared a personal interest in agenda items 6 and 7 (Key Corporate Risk Monitor and Programme/Project Management Update) in respect of references to the Community Stadium, as his employer was a sponsor of York City Football Club.

## 13. Minutes

Resolved: That the minutes of the meeting of 22 June 2016 be approved as a correct record and then signed by the Chair.

#### **14. Public Participation**

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

#### **15. Statement of Accounts 2015/16**

Members considered a report which presented the draft 2015/16 Statement of Accounts before they were audited. Members were informed that the draft accounts were currently available for public inspection. The audited accounts would be brought back to the committee in September for approval on behalf of the Council.

Members questioned officers on issues including:

- The net cost to the Council of the flooding over the Christmas period
- The policy on reserves – it was suggested that it may be useful for future accounts to include more detailed information on this issue
- The Housing Revenue Account (HRA)
- Pension contributions and liabilities
- Clarification regarding the loan to the internal auditors
- The preparations that were being made in readiness for the bringing forward of the date by which the audited Statement of Accounts were required to be approved in future years
- The inclusion of heritage assets, for example the Art Gallery collection
- The earmarked reserve in respect of the Lendal Bridge and Coppergate fine income that had not been reclaimed
- Business Rates and the provision for appeals
- Clarification as to what had been included within the “public corporations” definition

Members queried whether details of grants to the voluntary sector should be included within the accounts. Officers stated that this information was not included in the CIPFA requirements as to what had to be included within the accounts. The information was, however, available on the Council's website.

Members' attention was drawn to Annex C of the report which highlighted how the amendments put forward by Members at

the last meeting had been incorporated into the Annual Governance Statement.

It was noted that the date on page 132 of the Statement of Accounts required amendment.

- Resolved: (i) That the draft pre-audit Statement of Accounts for the financial year ended 31 March 2016 be noted.
- (ii) That the changes made to the Annual Governance Statement (Annex C of the report) be noted.

Reason: To ensure that, in line with best practice, Members have had the opportunity to review the draft pre-audit Statement of Accounts.

## **16. Mazars Audit Progress Report**

Members considered a report from Mazars which detailed their progress in delivering their responsibilities as the Council's external auditors. The report also highlighted key emerging national issues and developments.

The representatives from Mazars outlined the work that was taking place in respect of the accounts and the Value for Money Conclusion.

Resolved: That the matters set out in the progress report presented by Mazars be noted.

Reason: To ensure Members are aware of Mazars progress in delivering their responsibilities as external auditors.

## **17. Key Corporate Risk Monitor**

Members considered a report which provided an update on the key corporate risks for City of York Council and which presented the refreshed Key Corporate Risk (KCR) Register 2015.

Details were given of the work that was taking place to ensure that risk management was high on the corporate agenda, including one to one meetings with Directors and Assistant Directors focussed on consideration of risks. Efforts were also being made to promote the uptake of training. Members queried whether the training should be made compulsory. Officers explained that the priority was to engage staff in the risk management process and that a recent survey on the intranet had indicated that there was an understanding of the issues.

Members were informed that there had been very little movement on the Key Corporate Risk Register. Officers drew attention to KCR 01 – Financial Pressures, and the controls that were in place. Members noted that some of the risks were common to many local authorities.

Members asked about the interaction between risk management and project management. Officers stated that they worked together to ensure that the developments that were taking place in project management also reflected the approach that was taken in the assessment of risk. Risk management was also included in the project management training. Members expressed concern that there were separate IT programmes for project management and risk management. They suggested that consideration should be given to ways of avoiding this duplication.

Officers drew Members' attention to risks associated with workforce capacity. It was noted that mitigation was in place but that the necessity to deliver savings had resulted in a reduced workforce.

Members were asked to email the Chair if there were particular issues in respect of risk management which they believed merited further consideration by the committee, or had suggestions regarding the approach that the committee should take when considering this matter.

- Resolved:
- (i) That the refreshed key corporate risks be noted.
  - (ii) That the information provided in respect of the controls applicable to KCR 01 Financial Pressures be noted.

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

## **18. Programme/Project Management Update**

Members considered a report that presented an update on the project management framework, gave details of areas of the framework that were being strengthened and provided an update on the major or “large” projects.

Members were asked to provide feedback on any further data that they wished to see included in future updates.

Officers were questioned about the most significant risks and challenges in respect of project management. They stated that particular risks arose when aspects of a project were outside of the authority’s control. Examples were given of the mitigation that was put in place, although the risks could not be eliminated.

Members noted the progress that had been made in moving “large” projects onto the Verto system.

Details were given of the communications strategy that had been put in place to raise awareness of the project management framework and toolkit. Support, including training sessions, was also in place to assist officers who were involved in project management.

Referring to Annex A of the report, Members suggested that it would be useful if the direction of travel was also designated.

Members stated that they were pleased to note the progress that had been made in project management within the Council and the improved reporting to the committee.

Resolved: That the updates to the programme and project approach, and the project information provided, be noted.

Reason: To ensure that the committee is kept updated on key programme and project activity.

## **19. Audit and Governance Committee Forward Plan**

Members considered a paper which presented the future plan of reports expected to be presented to the committee during the forthcoming year to June 2017. Members were invited to identify any further items they wished to add to the Forward Plan.

Resolved: That the Forward Plan be approved.

Reason: To ensure that 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.

Councillor N Barnes, Chair

[The meeting started at 5.30 pm and finished at 7.40 pm].