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| Meeting | Audit & Governance Committee |
| Date | 16 April 2014 |
| Present | Councillors Potter (Chair), Brooks (Vice-Chair), Ayre, Barnes and Burton |
| Apologies | Councillor Watson, Councillor Wiseman and Mr Whiteley |

65. **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. None were declared.

66. **Minutes**

Consideration was given to the minutes of the meeting of 12 February 2014. Concerns were expressed that the minute annex detailing proposed amendments to Section 1 of the Constitution had not been circulated to all Members of the Committee in advance of the publication of the Full Council agenda and hence Members had not had an opportunity to confirm that it incorporated all of their proposed amendments.

Further amendments were proposed to the wording of paragraphs 1.1.4, 1.2.2 and 1.6. It was agreed that, subject to the agreed amendments, Members supported the adoption of the revised Section 1 of the Constitution.¹

Resolved: That the minutes of the meeting of 12 February 2014 be approved and signed by the Chair as a correct record subject to the agreed amendments to the minute annex.

Action Required

1. Circulate amended annex

JC

67. Public Participation

It was reported that there were no registrations to speak under the Council's Public Participation Scheme.

68. Forward Plan

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 February 2015.

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

It was noted that the Chair and Vice-Chair would be meeting with officers to consider the arrangements to recruit a second independent co-opted member to the committee and to discuss Member training.

The Chair updated Members on the arrangements for the Public Engagement event that was being held on 1 May 2014.

Members, referring to the work that the Committee was scheduled to carry out regarding proposed changes to the Constitution, suggested that it may be helpful to receive details of proposed changes at an early stage in the process to enable them to feed back their views to the Monitoring Officer in advance of these being considered at the meeting. Members also expressed their support for an additional meeting, focussed on the Constitution and scrutiny, being scheduled into the work plan should this prove necessary.

Resolved: That the committee's Forward Plan for the period up to February 2015 be approved.

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 in accordance with its roles and responsibilities.

69. Key Corporate Risk Monitor Four 2013/14

Members considered a report that presented an update on the key corporate risks and which highlighted in more detail any emerging risk issues, with a view to Members considering any further information they would wish to receive on these matters.

A presentation was given on “Reinvigorating Risk” (*this is attached to the online agenda papers for this meeting*). The presentation outlined the way in which the risk register was evolving and the initiatives that were taking place, including risk identification workshops. Details were given of emerging themes and the risk issues that had been identified. Officers explained the factors that had been taken into account when designating the safeguarding overall rating from Critical to High.

Members welcomed the suggestions that there be joint training for Members and officers.

Resolved: That the report be noted.

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

70. Update on Changes to Transparency Requirements

Members considered a report which provided an update following the recent Government response to a consultation by the Department for Communities and Local Government on the Code of Recommended practice on Data Transparency in Local Government. The report set out the key changes in terms of additional information that was recommended to be published, and the action that the Council was taking to comply with this.

Members noted that there had been no indication as to a formal date when the additional publications would become a legal requirement. The Council already published many of the suggested categories of transparency information on its website and, in many instances, already exceeded the requirements.

Resolved: That the additional transparency information set out in the consultation document on the Code of Recommended Practice on Data Transparency in Local Government, and the actions the Council is

taking to ensure this information is published ahead of it becoming a legal requirement be noted.

Reason: To provide assurance to Members that the Council has a clear action plan in place to ensure it meets the additional transparency requirements ahead of them becoming a legal requirement.

71. Project Boards

Members considered a report that outlined the Council's approach to the set up of project boards during the start up phase of a project lifecycle.

Clarification was sought as to whether Members who served on project boards were required to report back. Officers stated that Members usually attended project boards in an advisory capacity and that the decision-making would usually take place at Cabinet or a Cabinet Member Decision Session.

Resolved: That the points in the paper regarding the composition of project programme boards and the roles played by Elected Members on these boards be noted.

Reason: To ensure that Members are informed on the composition of project boards, as requested by the Committee.

72. Mazars Audit Strategy Memorandum

Members considered the Audit Strategy Memorandum from Mazars for the year ended 31 March 2014.

The document set out the audit plan in respect of the audit of the financial statements of City of York Council for the year ending 31 March 2014.

Members' attention was drawn to the four significant audit risks detailed in pages 110 and 111 of the agenda papers. It was noted that the first three risks were potentially required at every audit and that the risk in relation to pension entries was also common to councils.

Consideration was given to the value for money conclusion. At the request of the Chair, details were given of the factors that were taken into account in reaching this conclusion.

Resolved: (i) That the matters set out in the Audit Strategy Memorandum presented by Mazars be noted.

(ii) That the Plan be approved.

Reasons: (i) To ensure the effective deployment of scarce external audit resources to best effect.

(ii) To ensure that the external audit and inspection process contributes effectively to the Council's system of internal control. The Committee was satisfied that the Plan sufficiently reflected the audit needs and interests of the Council.

73. Mazars Certification of Claims and Returns Work Plan 2013/14

Members considered a report from Mazars which presented the Certification of Claims and Returns Work Plan 2013/14.

It was noted that this year there would be no requirement to give a NNDR return opinion. There may, however, be a request to carry out work on s256 agreements with Clinical Commissioning Groups/NHS England.

Resolved: That the Certification of Claims and Work Plan 2013/14 be approved.

Reason: To ensure that the Council can demonstrate that it has in place adequate arrangements to prepare and authorise claims and returns and can evidence that it has met the terms and conditions put in place by the grant paying body.

74. Mazars Audit Progress Report

Members considered a report that detailed Mazars' progress in meeting its responsibilities as external auditor. The report also outlined key emerging national issues and developments.

Members' attention was drawn to the emerging issues and developments, as detailed in the report. Referring to the Consultation on Secondary Legislation - Department for Communities and Local Government, Members noted that most respondents had been opposed to the bringing forward of the local government accounts timetable. Further information was awaited regarding this matter.

Members noted that the Local Audit and Accountability Act 2014 included a new responsibility on local public bodies to appoint their own auditor on the expiry of the existing Audit Commission contracts. Details were given of the existing contract with Mazars and the option for this to be extended. Members agreed that it would be useful to receive a future update or training session on the implications of the Act.

Resolved: That the report be noted.

Reason: To ensure that the Committee is kept updated on the work of the external auditors.

75. Internal Audit, Counter Fraud and Information Governance Plan 2014/15

Members considered a report that sought the Committee's approval for the planned programme of audit, counter fraud and information governance work to be undertaken in 2014/15. It was noted that there was flexibility to respond to any changes in Council priorities or emerging issues.

Members requested that they receive information regarding complaints made to the Information Commissioner's Office. Officers explained that certain restrictions applied regarding the disclosure of such information but that, subject to this, consideration would be given as to how this request could be met. A request was also made for an update report on Freedom of Information requests.¹

Resolved: That the 2014/15 internal audit, counter fraud and information governance plan be noted.

Reason: In accordance with the Committee's responsibility for overseeing the work of internal audit.

Action Required

1. Include on Committee's Work Plan EA

76. Audit and Counter Fraud Monitoring Report

Members considered a report that provided an update on progress made in delivering the internal audit workplan for 2013/14 and on current counter fraud activity.

Members expressed concern that the level of assurance in respect of the audit of Democratic Services had been designated as moderate rather than high assurance and they asked if progress had been made in addressing the issues that had been identified. Officers stated that although they had identified a relatively long list of issues, individually these matters could be addressed relatively easily. Officers confirmed that one of the issues that had been identified related to confusion regarding the categorisation of decisions. Members requested that they receive information regarding progress in addressing issues identified in the Democratic Services audit. Members suggested that it would also be useful to receive information on progress regarding CRC certification.¹

Officers were asked if progress had been made regarding information security. They confirmed that there had been a significant improvement although there was a need to continue to remind officers of the need to maintain information securely.

Resolved: That the progress made in delivering the 2013/14 internal audit work programme, and current counter fraud activity be noted.

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

Action Required

1. Arrange inclusion of update on Democratic Services Audit and CRC Certification in future report or work plan EA

77. Internal Audit Follow Up Report

Members considered a six monthly report to the Committee which set out progress made by council departments in implementing actions agreed as part of internal audit work.

Resolved: That the progress made in implementing internal audit agreed actions, as reported in paragraphs 5 to 10 of the report, be noted.

Reason: To enable Members to fulfil their role in providing independent assurance on the Council's control environment.

Councillor Potter, Chair

[The meeting started at 5.30 pm and finished at 6.45 pm].