
Meeting	Audit & Governance Committee
Date	19 June 2019
Present	Councillors Pavlovic (Chair), Fisher (Vice-Chair), Mason, D Taylor, Wann, Webb and Lomas Mr Mendus (Independent Member)
Apologies	Mr Mann (Independent Member)

Part A - Matters Considered Under Delegated Authority

1. 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.

Councillors D Taylor and Mason declared that, in relation to Item 5. Draft Statement of Accounts, they were on the board of Make it York.

2. Minutes

Members pointed out an error under Minute Item 62.

3. note that the 2019/20 Monitor 1 report would include a detailed analysis of KCR7 Capital Programme.

This bullet point should be **removed**.

Resolved: That the minutes of the meeting held on 6 March 2019 be approved and then signed by the Chair as a correct record, subject to the above amendment.

Matters Arising

Members raised an query on the nature of 'key decisions' which had been brought up under Public Participation at the previous meeting.

The S151 Officer explained that the definition of a 'key' decision was set out in the constitution. Elements of this were common across all Local Authorities and other elements were locally set. Larger Authorities were likely to have a higher threshold. Members could review the financial threshold if they chose to.

3. Public Participation

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

Gwen Swinburn, a resident, spoke on her concerns around data breaches – in particular the One Planet York App and the Joint Standards Hearing in January 2019. She felt that the Council's response to these incidents was not acceptable and brought the Authority into disrepute. She also stated that, in the case of the latter incident, she had been a key witness and had not been contacted during an investigation. Finally, she asked that Members request a review of these data breaches and the Management and Communications Team response to them.

4. Key Corporate Risks Monitor

Members considered a report which provided them with an update on the key corporate risks for the Council. This included a detailed analysis of KCR 6 (Health and Wellbeing). The Director of Public Health and Principal Accountant attended the meeting to present the report and answer Member questions.

In response to Member questions they stated:

- The rating on Brexit had not changed since the last report and this would be taken back for discussion. Reports on this had been taken to Executive and some services had set out the implications of a 'no deal'. However, the full impact was hard to plan for;
- In relation to the One Planet York App breach, the matter had been reviewed by the ICO who did not find against CYC and information on this would be circulated to Members. There were also regular reports to this Committee on Information Governance more generally;
- The Resilient Communities Group was the responsibility of the Director of Children, Education & Communities. Officers would send out the make up of the Committee to Members following the meeting;

- CSMC were looking at the issue of Sickness and Attendance Management and HR were reporting back to their next meeting;
- Equality Impact Assessments were undertaken by CYC and were published on the website. Officers would provide details to Members;
- Data provided by Health Providers to Public Health was received in a number of ways. There was public data, which usually had a time lag, but the team also had access to more real time information which was not publicly available. This meant they were alerted to any immediate issues. There were also annual reports to Health Scrutiny and the Health & Wellbeing Board;
- Public Health Emergency Planning was now linked up with the CYC Emergency Planning Team and a lot of partnership working. The Emergency Planning Lead was now a Member of the Public Health Committee and Public Health contributed to the Major Incident Plan;
- The Local Health Resilience Partnerships across Yorkshire shared information and planning. Action Cards used in the event of an outbreak were area specific;
- An agreement had been made with Community Pharmacies to work with Public Health to run a campaign on immunisation. They were also targeting areas with poor vaccination take up;
- An Internal Audit and a Peer Review had recently looked at Public Health planning. They would both inform an improvement plan and A&G could receive a future update against this plan; and
- There was anecdotal information which suggested that the lack of flexibility of GP surgery hours may be having an impact on the take up of cervical screening. Public Health were trying to use relationships to address this;

Members also raised the following issues:

- They had not yet received the Health and Safety Training Update they requested at the previous meeting;
- They felt more planning on a 'no deal' Brexit should have taken place at this point;
- Equality Impact Assessments were now known as Equality Analysis; and
- A comment on the issues on Cervical Screening could be included under controls.

Resolved: That Members:

1. Provide comment on the key corporate risks included at Annex A;
2. Provide comment on the information provided in relation to KCR6 Health and Wellbeing included at Annex B; and
3. note that the 2019/20 Monitor 2 report will include a detailed analysis of KCR7 Capital Programme

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

5. Draft Statement of Accounts Incl. Annual Governance Statement

Members considered a report which presented, for information, the draft 2018/19 Statement of Accounts before they were audited. The Finance & Procurement Manager and Technical Accountant attended the meeting to present the report and to answer Member questions.

They stated that the final version would be brought to July Committee and the Chair would be asked to sign on behalf of the Council. Any errors found by the External Auditors would be brought to the Committees attention at that point.

In response to Member questions they stated:

- There was no business rate relief for small businesses;
- The handover of playing fields was to two schools after they had become academies;
- If an academy school were to close, the land and buildings would transfer back to the Local Authority;

Members also made the following comment:

- That sickness absence had been an ongoing issue but the Annual Governance Statement stated that 'significant progress' was being made. It was felt that this should be re-worded to recognise that little progress had been made.

Officers agreed to revise the wording and circulate to the Committee ahead of the next meeting.

Resolved:

1. That Members note the draft pre-audit statement of accounts, including the Annual Governance Statement, for the financial year ended 31 March 2019.
2. That a revision to the statement on sickness absence (see above) be made and circulated to Members ahead of the July meeting of the Committee.

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

6. Annual Report of the Audit & Governance Committee

[See also under Part B]

Members considered a report which sought their views on the draft annual report of the Audit and Governance Committee for the year ended 6 March 2019, prior to submission to Full Council. The Technical Accountant presented the report and answered Member questions, along with the S151 Officer.

She explained that the Chartered Institute of Public Finance and Accountancy (CIPFA) suggested that Audit Committees reported back annually on how they had discharged their responsibilities.

In response to Member questions Officers stated:

- The report was just a factual statement as to the work undertaken over the last year;
- Functions of the Committee were set out in the Constitution but other work was undertaken in addition to this and there was always scope to do so as issues arose. Officers would advise the Committee as to whether this was the correct forum or if other Committees may be a more appropriate place;

- The updated Whistleblowing Policy had previously been brought to A&G and comments made. A revised version would be brought back to this Committee. The Head of Internal Audit stated he would check on the involvement of the Joint Standards Committee and report this back to Members.

Members commented that it was challenging to critique this report when so many of them were new to the Committee post-Election. They also stated that there should perhaps be mention of the difficulties the previous Committee had sometimes had in obtaining information.

Resolved: That Members agree the Annual Report of the Audit and Governance Committee prior to its submission to Full Council.

Reason: To enable the Committee to fulfil its role in providing assurance about the adequacy of the Council's internal control environment and arrangements for managing risk and for reporting on financial and other performance.

7. Treasury Management Outturn Report

Members considered the draft Treasury Management Annual Report and Review of Prudential Indicators 2018/19, which provided them with an update on treasury management activity during the year. The Finance & Procurement Manager and Technical Accountant attended the meeting to present the report and to answer Member questions. They explained that the Council's Constitution gave this Committee responsibility for scrutinising the Council's Treasury Management policies and practices before they are presented to Executive.

In response to Member questions they stated:

- All of CYC 's investments were with High Street banks or financial institutions;
- The Capital Programme was likely to slip or not be delivered exactly when planned. Day to day cash flow was planned and cash only borrowed when necessary, so costs on loans were not being incurred unnecessarily;
- The Capital Financing requirement set out what the Council's underlying need to borrow was. There were

limits for debt based on what CYC could afford to repay. Spending decisions made today could not have a negative impact in the future and this was carefully managed;

- The cost of Capital should be spread over the life of the asset so that all those paying Council Tax would get the benefits of the scheme;
- Work was still being done to calculate an affordable level of debt for the Housing Revenue Account (HRA) now the debt cap had been lifted; and
- There were no external controls on General Fund Debt, this was a decision for Council.

Resolved: That Members note the Treasury Management Annual Report and Review of Prudential Indicators 2018/19 at Annex 1.

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

8. Mazars Audit Progress Report

Members considered a report from Mazars, the Council's external auditors, reporting on progress in delivering their responsibilities as auditors. The Engagement Lead (Partner), Mazars attended the meeting to present the report and answer Member questions. He highlighted that there were no matters to draw to the Committee at this early stage.

In response to questions he stated:

- Materiality was a threshold above which it would be difficult to give a clean audit opinion. If there were material errors found in the accounts which Officers would not correct they would be reported to this Committee;
- The Committee's Terms of Reference included an assessment and appraisal of Mazars reports, including the audit plan; and
- Members could make the external auditors aware of any issues they felt should be brought to their attention right up until the point in the cycle that the opinion was signed.

Members thanked Mazars for taking on-board previous feedback.

Resolved: That Members note the matters set out in the Progress report presented by Mazars.

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

9. Annual Report of the Head of Internal Audit

Members received a report summarising the outcome of audit and counter fraud work undertaken in 2018/19 and providing an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

The Head of Internal Audit attended the meeting to present the report and answer Member questions. He stated that the audit plan had been produced in consultation with Senior Management, by looking at the Risk Register and discussion with external auditors. The plan was then brought to Committee at the start of the year for approval. With a limited internal audit resource available they had to focus on key risk areas which, in the event of failure, would have the most significant impact on the Council. However, this was a flexible plan and changes could be made dependant on the Council's priorities throughout the year.

In response to Member questions he stated:

- Internal fraud investigations were usually against employees and would result in disciplinary action rather than financial recovery;
- Decisions as to prosecution were made with the S151 Officer based on the prosecution policy. This was part of the Counter Fraud Policy Framework which was reviewed by this Committee. Officers would circulate this to Members following the meeting;
- The definition for each level of assurance was reviewed regularly and they were currently under review;
- Limited and no assurance papers were always included in the agenda papers;

- The report on Ward Committee Funding had been presented as a Memorandum with no opinion as it was only a follow up report. This would also be the case if a report was only looking at a narrow part of a process and it was not possible to give an opinion;
- Follow up work was undertaken on every audit. Action plans were produced with deadlines and every action point was followed up with management. Where there were delays there was often a good reason and a new deadline would be agreed. Where this was not the case this would be taken further, ending up at this Committee. A six monthly report to A&G would also include this information;
- In relation to Information Security this had been included in the Annual Governance Statement, there were actions in place with Officers taking steps to mitigate risks in this area, which was particularly challenging in an organisation dealing with large amounts of data;
- Information Security also included storage of data throughout the Council's buildings. Building security was a partial mitigation but correct storage was still necessary. The report on this issue would be circulated to Members following the meeting; and
- It was appropriate for Members to highlight audit reports they wished to consider in more detail or which they wanted to forward to scrutiny for consideration;

Some Members requested that Audit Reports of Reasonable Assurance and below be included in the agenda papers. However, Members who had previously sat on this Committee suggested that sending reports by email as they were published and publishing online with the agenda was sufficient and stopped the agenda papers from being unmanageable.

A Member highlighted several references to 'Chairmen' and requested that this be changed for less gender specific language moving forward.

Resolved: That Members:

1. note the results of audit and counter fraud work undertaken;
2. note the opinion of the Head of Internal Audit on the adequacy and effectiveness of the council's

framework of governance, risk management and internal control;

3. note the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conforms with Public Sector Internal Audit Standards; and
4. note the significant control weaknesses identified during the year which are relevant to the preparation of the Annual Governance Statement.

Reason:

1. To enable members to consider the implications of audit and counter fraud findings;
2. To enable members to consider the implications of audit and counter fraud findings;
3. To enable members to consider the opinion of the Head of Internal Audit; and
4. To enable the Annual Governance Statement to be prepared

10. **Forward Plan**

Members received the future plan of reports expected to be presented to the Committee during the forthcoming year to February 2020.

Members requested that the following items be added to the Forward Plan:

- July - Data Protection and the breach investigation process (including a case study for Member Training) [to be included in the Information Governance report]
- Whistleblowing Policy (time to be agreed with Head of Internal Audit)

Resolved: That the Committee's forward plan for the period up to March 2020 be noted, with the above amendment.

Reason: To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.

Part B - Matters Referred to Council

11. Annual Report of the Audit & Governance Committee

[See also under Part A]

Members considered a report which sought their views on the draft annual report of the Audit and Governance Committee for the year ended 6 March 2019, prior to submission to Full Council.

Resolved: That Members agree the Annual Report of the Audit and Governance Committee prior to its submission to Full Council.

Reason: To enable the Committee to fulfil its role in providing assurance about the adequacy of the Council's internal control environment and arrangements for managing risk and for reporting on financial and other performance.

Councillor Pavlovic, Chair

[The meeting started at 5.30 pm and finished at 7.55 pm].