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Meeting	Audit & Governance Committee
Date	18 September 2019
Present	Councillors Pavlovic (Chair), Fisher (Vice-Chair), Wann, Webb, Hook, Lomas and Mr Mendus (Independent Member)
Apologies	Councillor D Taylor Mr Mann (Independent Member)

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### **18. 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.

### **19. Minutes**

Resolved: That the minutes of the meeting held on 29 July 2019 be approved and then signed by the Chair as a correct record.

### **20. Public Participation**

It was reported that Ms Gwen Swinburn had registered to speak under the Council's Public Participation Scheme in relation to:

- a number of 'reasonable assurance' internal audits, inviting the Committee to have copies of these audits published with meeting papers;
- a potential review on staff car parking identified by internal audit;
- a performance dip in responses to freedom of information (foi) and other such requests;
- the quality of performance information within the quarterly monitoring reports on information governance;
- details of procurements between £30k and £100k being provided quarterly through the open data platform;
- guidelines and training identified in the public interest report for Officers operating as company Directors;
- the recording of Officer key and non-key decisions over £100k.

**21. Mazars Annual Audit Letter 2018/19**

Members considered a report that summarised, for information, the outcome of Mazar's external audit of the Council's 2018/19 annual accounts and their work on the value for money conclusion. Representatives of the Council's external auditors attended the meeting to explain the key themes of their Annual Audit letter and to answer Members' questions.

Resolved: That the matters set out in the Annual Audit report presented by Mazar's be noted and representatives from the Council's external auditors be thanked for their attendance.

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

**22. New Code of Audit Practice - 2020 Consultation Update**

Members considered a report setting out details of a two stage consultation process in relation to a new Code of Audit Practice, due to come into force no later than 1 April 2020.

Representatives of the Council's external auditors attended the meeting to explain the consultation stages and outline the key changes in the proposed new Code. Those changes related to an option to provide enhanced audit reports and to revised reporting criteria specified on value for money reviews, which could lead to a slight variation in costs.

Resolved: That the matters set out in the New Code of Audit Practice update report, including the consultation stages for the new Code, as presented by Mazars be noted.

Reason: To ensure Members are aware of current audit issues in the sector.

**23. Monitor 2 2019/20 - Key Corporate Risks**

Members considered the second monitoring report, updating the key corporate risks (KCRs) identified in the Council's risk register for 2019/20, as set out at Annex A of the report. The report included a detailed analysis of KCR7 (Capital Programme) at Annex B.

The Chair referred, in particular, to the information provided specifically on the risks potentially associated with the York Central Project at Annex D of the report and with Brexit at KCR 13 (Annex A). He referred Members specifically to the update report on Brexit implications to be considered by the Executive at its meeting on 26 September 2019, which had been added to the published agenda for this meeting as Annex F to this report.

In turn, the Chair invited the Director of Economy & Place and Officers to give any updates to information in their report relating to York Central and then Brexit and to respond to Members' questions accordingly.

In relation to York Central, Members sought clarity upon the governance arrangements to manage and report risks associated with the delivery phase of the project. The Assistant Director (Regeneration & Asset Management) outlined the strands in place to manage those risks in some detail, ranging from the structure to the methodology, product assurance (through internal gateway reviews) and to functional transparency and scrutiny (reports to the Executive). The Delivery Co-ordination Board being central to that process. In relation to any potential delays in the project, she advised that details of proposed mitigations for such risks were set out in the report to the Executive in July 2019.

The Chair then invited Officers to give any update in relation to the information provided on KCR 13 (Brexit). Officers explained their role within the Council, in acting as a conduit for information on Brexit, adding that service areas had been identifying relevant risks, if any, on a regular basis. Members expressed some concern that the information provided did not address the impact of a potential no-deal Brexit on the cost of essentials (like food). Nor did it cross-reference to other risks, such as KCR 12 (major incidents) in the potential eventuality of a no-deal Brexit leading to any such incidents. Officers undertook to update the Executive at its meeting on 26 September 2019 on the points made by this Committee on Brexit.

Finally, the Chair sought comments on KCR 7 (Capital Programme) and it was suggested that a report back on the 'Veritau' perspective of corporate project management, in due course, would be helpful.

Resolved:

- i. That the key corporate risks identified at Annex A of the report be noted, together with the detailed risk analysis on capital projects at Annex B with a further update to a future meeting specifically on the corporate management of major capital projects;
- ii. That the information provided specifically in relation to the York Central Project at Annex D of the report be noted;
- iii. That the information provided on KCR13 (Brexit) at Annex A be revised to address the potential impact of a 'no-deal' Brexit on the cost of essentials as set out above;
- iv. That the publication of the Older Person's Accommodation Gateway Review Briefing set out at Annex E, be noted;
- v. That the 2019/20 Monitor 3 report will include a detailed analysis of KCR8 Local Plan be noted.

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

#### **24. Internal Audit Follow Up Report**

Members considered a report that set out progress made by council departments in implementing actions agreed as part of internal audit work, up to the end of July 2019. Officers referred to Annex 1 which now included details of actions outstanding for more than 6 months.

Reference was made to outstanding actions from the Health & Safety Audit 2017-18 and it was agreed to request reassurance that the revised deadline of 31 March 2020 could be met.

Resolved: That the progress made in implementing internal audit agreed actions as set out in the report, be noted and that specific reassurances be sought and reported back to Members in relation to the Health & Safety Audit 2017-18, as outlined above.

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

## **25. Audit & Counter Fraud Monitoring Report**

Members considered a report that provided an update on progress made in delivering the internal audit work plan for 2019/20 and on current counter fraud activity. As part of the work undertaken, the Council's Internal Audit Charter had been reviewed and Members' approval to a number of small changes was sought. The proposed revised Charter was set out at Annex 4 to the report and a tracked changes version was tabled at the meeting so that Members could appreciate clearly the changes proposed.

Further to the report, clarity was sought and assurances were given relating to the membership of the Veritau Board and any potential conflict of interest for Section 151 Officer. It was noted that the Interim Section 151 Officer was not currently a member of the Board.

Resolved:

- i. That the progress made in delivering the 2019/20 internal audit work programme, and current counter fraud activity, be noted.

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

- ii. That proposed changes to the internal audit charter, at Annex 4 of the report, be approved.

Reason: In accordance with the responsibility of the Committee to consider reports dealing with the management of the internal audit function, and to comply with proper practice for internal audit.

## **26. Review of the Constitution And Governance Arrangements**

Members considered a report updating them on the proposed review of the Constitution and the Council's governance arrangements. Members were advised that the Executive would

be considering the next steps at its meeting on 26 September 2019. This Committee was being asked for its views on the way forward. The Interim Monitoring Officer outlined proposals to undertake the review in two parts, as follows:

- (i) Firstly, to review the current Constitution as a whole for accuracies, consistency of references and current working practices, taking into account examples of best practice;
- (ii) Secondly to assess the current decision making and scrutiny structures and compare that to the advantages and disadvantages of reverting to a 'committee system', as provided for under the Localism Act.

Both parts could run simultaneously but the first was fundamentally a 'tidying up' exercise and could potentially be completed by the end of the year, whilst the second would, of course, be more challenging. If Council wished to revert to a 'committee system', the Monitoring Officer's view being that it would be difficult to implement prior to May 2020.

Members considered how best to facilitate and support both parts of the review and were minded to delegate part (i) to the Interim Monitoring Officer, subject to a report back at a future meeting. In relation to part (ii), they were minded to support establishing a Working Group to examine:

- The advantages/disadvantages of a Committee system;
- The impact on Members' ability to represent their wards; and
- Any potential changes to current structures/arrangements to facilitate improved decision making and representation

The Monitoring Officer undertook to provide feedback on the above views of Audit & Governance Committee to the Executive meeting on 26 September 2019.

Resolved:

- (i) That the report and information provided be noted;
- (ii) That the proposed constitutional review be undertaken in two parts as outlined above;
- (iii) That the Interim Monitoring Officer review the current Constitution as a whole for accuracies, consistency of references and current working practices and report

- back details of any proposed changes to Committee, ideally at the meeting in December 2019;
- (iv) That the Committee establish a Working Group as and when required to assist in part (ii) above in any constitutional review, examining the potential re-introduction of a 'Committee System'.

Reason: To ensure that the Audit & Governance Committee undertakes its role as set out in the Council's Constitution and paragraph 5 of the report.

## **27. Information Governance & Complaints**

Members considered a report that provided an update on information governance and complaints, including the following:

- Information governance performance
- ICO decision notices
- Publication Scheme and publishing responses
- LGSCO Complaints from April 2019 to date of this report

Members queried the dip in performance in the timeliness of responses to freedom of information (foi) requests etc during Quarter 1 of 2019/20. Officers explained that they were currently looking into those reasons and would be reporting on them.

Further to the above, a request was made to include figures for 2017/18 in future and that was agreed.

Resolved: That the performance levels for Quarter 1 and information provided in the report, be noted, with figures for 2017/18 to be included in future performance monitoring.

Reason: To keep Members updated.

## **28. Audit & Governance Committee Forward Plan to July 2020**

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

In light of the business discussed at this meeting, Members agreed to the following additions to their 'forward plan':

- Information update on key corporate projects – David Atkinson;
- Constitutional Review Update (part (i)) – Suzan Harrington, Interim Monitoring Officer.

Resolved: That the Forward Plan be approved, subject to the above amendments.

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

Cllr Pavlovic, Chair

[The meeting started at 5.30pm and finished at 8.04pm].