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Meeting	Audit & Governance Committee
Date	30 July 2014
Present	Councillors Potter (Chair), Brooks (Vice-Chair), Ayre, Barnes, Fraser, Gunnell and Wiseman
Apologies	Mr Whiteley

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### 15. **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 Brooks declared a personal non-prejudicial interest in agenda item 5 (minute 19 refers), as a member of the Teachers Pension Fund, which was referred to in the report.

### 16. **Minutes**

Resolved: That the minutes of the meeting of 25 June 2014 be approved and signed by the Chair as a correct record.

### 17. **Public Participation**

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

Ms Gwen Swinburn spoke on issues relating to governance including:

- Concern that the Council's protocol on the filming of meetings had been breached at the most recent Council meeting.
- A request that a project plan be put in place regarding the review of the Council's Constitution.
- A request that advisory notes be put in place to assist members of the public wishing to view the Council's Statement of Accounts.

- Concern that the Democratic Services Audit Report, which had been circulated to Members of the Committee following the last Audit and Governance Committee meeting, was not available on the Council's website and that a Freedom of Information Audit Report had not been seen by Members.
- Clarification as to the follow-up from the Audit and Governance Committee Public Engagement event.
- Concern that feedback was not given on issues raised under the Council's Public Participation Scheme. A request was made that this matter be considered as part of the review of the Constitution.

## 18. 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 June 2015.

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

The Chair stated that she had been assured that a report on scrutiny arrangements and procedure rules would be presented to the Committee.

Members requested that a Project Plan in respect of the review of the Constitution be presented at the next meeting<sup>1</sup>.

Resolved: That the committee's Forward Plan for the period to June 2015 be approved subject to the inclusion of a Project Plan on the Review of the Constitution being presented at the next meeting<sup>2</sup>.

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.

### Action Required

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|------------------------|----|
| 1. Prepare Report      | AD |
| 2. Update Forward Plan | EA |

**19. Draft Statement of Accounts 2013/14**

Members considered a report which presented for information the draft Statement of Accounts for 2013/14 before they were audited. A presentation was given on the accounts. *[A copy of the presentation is attached to the on-line agenda papers for the meeting]*

Members noted that they would be asked to approve the accounts at their meeting in September 2014.

Clarification was sought as to the reporting arrangements that were in place in respect of Section 106 agreements. It was noted that future reports to Cabinet would provide more detailed information on the use of this funding.

Some concerns were expressed that the Annual Governance Statement may present an overly positive view of issues such as partnership governance. Officers stated that they believed that the statement accurately reflected the current position and that, in cases where issues had been identified, these had been recognised in the statement and incorporated into the Committee's work plan to enable the situation to be monitored.

In response to concerns raised as to whether the information contained in the paragraph on consultation and communication methods was still valid, officers confirmed that the accuracy of this would be verified before the final version was issued<sup>1</sup>.

In response to questions from Members, officers gave details of how the new arrangements in respect of Business Rates had been implemented and their likely impact.

Officers were asked if the Statement of Accounts could be made more accessible. They explained that the accounts had to comply with a prescribed format, although consideration could be given as to the feasibility of producing a more reader-friendly guide to accompany the accounts.

Resolved: That the draft pre-audit Statement of Accounts for the financial year ended 31 March 2014, including the annual governance statement contained within the accounts, 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.

Action Required

1. Verify information

DM

**20. Mazars Audit Progress Report**

Members considered a report which provided an update from Mazars on its progress in meeting its responsibilities as City of York Council's external auditor.

Matters Arising:

(i) Audit

Members were informed that Mazars' audit of the Council's financial statement for 2013/14 was currently taking place. Its conclusions would be presented to the Committee at the September meeting.

(ii) Adult Social Care Services

Members' attention was drawn to the value for money conclusion in respect of Adult Social Care Services and the context in which this conclusion had been made. In response to questions from Members it was clarified that in July 2013 the Chief Executive and Corporate Management Team had initially sought Mazars' assistance to review how the Adult Social Care Service was managing its budget. The service had also been identified as part of the Council's transformation programme. This work was undertaken by Mazars in an advisory capacity. Subsequently Mazars, in its value for money conclusion as external auditor, had taken the view that financial management and commissioning in the adult social care service needed to improve and the service had not responded quickly and effectively enough to the challenges it faced. An accelerated recovery and improvement process had been put in place, including the drawing up of an action plan in response to Mazars' findings. Mazars would continue to provide support, including providing examples of good practice from other Local Authorities. *[see also agenda item 8 minute 22 refers]*

(iii) Emerging Issues and Developments

Members were informed of emerging issues and developments, including an update on the proposals to bring forward the accounts and audit timetable from 2017/18. Members' attention was also drawn to the Audit Commission's report on the quality of the work it had outsourced, including findings that Mazars demonstrated overall good performance in respect of quality and other standards.

Resolved: That the report be noted.

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

**21. Scrutiny of the Treasury Management Annual Report 2013/14 and Review of Prudential Indicators**

Members considered a report which presented for consideration the Treasury Management Annual Report and Review of Prudential Indicators 2013/14.

Officers responded to questions from Members and agreed to circulate background information to provide greater clarity in respect of prudential indicator values.<sup>1</sup>

Resolved: That the Treasury Management Annual Report 2013/14 and Review of Prudential Indicators be noted.

Reason: To ensure 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.

Action Required

1. Provide additional information

RB

**22. Progress Report by Adult Social Care**

Members considered a report which outlined progress that was being made by Adult Social Care to address the ten

recommendations made by the External Auditors to assist the service to respond more effectively and quickly to the challenges posed by continuing demographic growth and also by financial constraints. It was noted that a full report on this issue was scheduled to be presented to the Committee at their meeting in September.

Copies of the following background papers were tabled as contextual information:

- Adult Social Care – managing the budget report from Mazars dated 10 July 2013
- Delivering value for money in Adult Social Care – Note of interim findings for discussion with officers – report from Mazars dated June 2014

Members requested that the benchmarking report referred to in the report dated 10 July 2013, also be made available on the Council's website<sup>1</sup>.

Officers outlined the national and local context, including demographic trends and the need to respond to the Care Act and the integration of health and social care.

Consideration was given to the Action Plan that had been put in place. It was noted that more detailed plans were also in place to support the delivery of the Action Plan. More detailed information about the transformation savings would be presented to Cabinet.

Members queried the timescale within which the Authority was seeking to become a best achieving Authority, particularly in those areas which its performance was currently in the bottom quartile. Officers stated that although the Authority had aspirations to become a best achieving authority, the initial priority was to stabilise the budget and to move forward. It was likely to take a number of years to rebuild from the current situation. Officers stated that there were also areas in which the authority was performing well.

Clarification was sought as to the role that Members could play in terms of the commissioning process. Details were given of the overview role played by the Health and Wellbeing Board and the Health Overview and Scrutiny Committee and which were working well.

Resolved: That the Action Plan be noted.

Reason: To ensure that Members are kept updated on progress in addressing the recommendations put forward by the external auditors.

Action Required

1. Provide information for website

PE

Councillor Potter, Chair

[The meeting started at 6.15 pm and finished at 8.30 pm].