



## Notice of a public meeting of

### Audit & Governance Committee

<b>To:</b>	Councillors Derbyshire (Chair), Steward, Lisle, Shepherd, Cuthbertson, Fenton and Kramm Mr Mann and Mr Mendus (Independent Members)
<b>Date:</b>	Monday, 30 April 2018
<b>Time:</b>	5.30 pm
<b>Venue:</b>	The George Hudson Board Room - 1st Floor West Offices (F045)

### AGENDA

#### 1. **Declarations of Interest**

At this point in the meeting, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they might have in respect of business on this agenda.

#### 2. **Exclusion of Press and Public**

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annex A to Agenda Item 5 as it contains information:

- relating to individuals;

- which is likely to reveal the identity of individuals;
- relating to consultations or negotiations, or contemplated consultations or negotiations, in connection with labour relations matters arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority; and
- in respect of which a claim to legal professional privilege could be maintained in legal proceedings

This information is classed as exempt under paragraphs 1,2,4 and 5 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

### **3. Minutes (Pages 1 - 18)**

To approve and sign the minutes of the Audit & Governance Committee meetings held on 7 February and 11 April 2018.

### **4. Public Participation**

It is at this point in the meeting that members of the public who have registered their wish to speak can do so. The deadline for registering is by **5:00pm on Friday 27 April 2018**.

To register please contact the Democracy Officer for the meeting, on the details at the foot of this agenda.

#### **Filming, Recording or Webcasting Meetings**

Please note that, subject to available resources, this meeting will be filmed and webcast, or recorded, including any registered public speakers who have given their permission. This broadcast can be viewed at: <http://www.york.gov.uk/webcasts>.

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact the Democracy Officer (whose contact details are at the foot of this agenda) in advance of the meeting.

The Council's protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner

both respectful to the conduct of the meeting and all those present.  
It can be viewed at:

[http://www.york.gov.uk/download/downloads/id/11406/protocol\\_for\\_webcasting\\_filming\\_and\\_recording\\_of\\_council\\_meetings\\_20160809.pdf](http://www.york.gov.uk/download/downloads/id/11406/protocol_for_webcasting_filming_and_recording_of_council_meetings_20160809.pdf)

**5. Observations and Learning from the LGA Review into the Conduct of the Audit and Governance Committee on 22nd February 2017 (Pages 19 - 24)**

This report is provided for Committee members to consider the recommendations in the LGA report that relate to Audit & Governance Committee [**Exempt Annex A - to follow for Committee Members who have confirmed attendance at the meeting**]

**6. Urgent Business**

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Laura Clark

Tel: (01904) 552207

Email: [Laura.Clark@york.gov.uk](mailto:Laura.Clark@york.gov.uk)

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements

Contact details are set out above.

**This information can be provided in your own language.**

**我們也用您們的語言提供這個信息 (Cantonese)**

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim (Polish)  
własnym języku.

**Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)**

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 **(01904) 551550**

City of York Council

Committee Minutes

---

MEETING	Audit & Governance Committee
DATE	7 February 2018
PRESENT	Councillors Derbyshire (Chair), Shepherd, Cuthbertson, Fenton, Kramm, Steward and Brooks (Substitute) Mr Mann (Independent Member)
APOLOGIES	Councillor Dew Mr Mendus (Independent Member)

---

#### **45. 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 that they may have in respect of business on the agenda.

Cllr Derbyshire declared that she worked in a school and would not take part in any discussion relating to school governance or finance arrangements.

#### **46. EXCLUSION OF PRESS AND PUBLIC**

It was agreed that the press and public would be excluded during discussion of Annex 3 to Agenda Item 7 (Counter Fraud: Risk Assessment and Review of Policies) on the grounds that it contained information relating to prevention, prosecution or investigation of crime. This information was classed as exempt under paragraph 7 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

Members discussed the merits of redacting the relevant sections of confidential documents rather than excluding them entirely, but felt that this would not remove the necessity to move into private session on this occasion.

#### **47. MINUTES**

The minutes of the meeting held on 6 December 2017 were presented to the Committee.

During discussion Members requested that if information was unavailable at a meeting, but circulated to Members at a later date, that this be added as an online annex so that it was available to the public.

Members also stated that some items were missing from the forward plan, despite being on previous minutes. These were the response to the LGA peer review and a report on technical options regarding compliance. Members also asked for the forward plan to state exactly which Key Corporate Risks will be discussed at each meeting.

There was some discussion on the length of time it took for the Committee to receive minutes following meetings. It was agreed to circulate a link to Members as soon as minutes were published online.

Resolved: That the minutes of the meeting held on 6 December 2017 be approved, and signed by the Chair as a correct record, subject to the above amendments.

#### **48. PUBLIC PARTICIPATION**

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

Cllr Warters spoke in support of the Committee's request for an investigation into the LGA report completed in February 2017. He asked that any investigation to establish value for money should include wide-reaching consultation and he expressed disappointment that no working practices had changed as a result of the review.

Ms Swinburn spoke with regards to the audit and counter fraud plan for 2018/19 (minute 52). She asked the committee to defer approval of the programme under further information could be provided regarding the timing, context and costs associated with the proposed audits. She also urged Members to consider ways of benchmarking the work of the internal auditor against the market, particularly in light of the approaching date for renewal

of their contract. She asked that the council's monitoring officer be prevented from engaging in this process due to a conflict of interest.

**49. SCRUTINY OF THE TREASURY MANAGEMENT STRATEGY STATEMENT AND PRUDENTIAL INDICATORS**

Members considered the treasury management strategy statement and prudential indicators for the financial year 2018/19. The officer reported that there had been changes made to the regulatory framework and that there was a new management strategy code. There had been no substantial changes made from the previous year's strategy and the treasury management priorities remained the same. The report would be taken to the next Executive for approval.

In response to a member question it was explained that, like many other local authorities, CYC employed an external audit provider. This gave the council access to specialist expertise and the company chosen was deemed to be the best value. Two to three reports were commissioned annually to provide an investment and economic overview and to assess the council's investment strategy.

Resolved: To note the treasury management strategy statement and prudential indicators for 2018/19 to 2022/23 at Annex A.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

**50. MAZARS AUDIT PROGRESS REPORT**

Members considered a paper on the work done to date by the Council's external auditors. Veritau officers were in attendance to present the report and to respond to queries. It was reported that an update would be brought to the next meeting with the conclusion of the objection raised with regards to the 2016/17 accounts. In response to a question, it was reported that the time taken to address the objection was due to the high volume of information collection required rather than any unusual level of complexity. Members congratulated the work of the team in

achieving an unqualified rating for the audit of the Housing Benefit Subsidy Return.

The auditor explained that a change to reporting deadlines would lead to an increase in incomplete audits reported in quarterly reports but members were reassured that audits would still be conducted to time. Those which had been completed after the reporting deadline would be reported to the committee verbally and this would be followed up with a letter. In response to a question it was confirmed that there had been a dry run completed of the new procedures and that a carefully constructed timetable of work would be followed.

In response to a question, it was explained that there had been errors found in the council's PFI scheme and that officers were working to correct them. Any amendments would be reported in a future report. It was explained that the any risk relating to the financial security of its contractors was not included within the remit of the audit process. Members felt there should be a consideration of PFI and a risk assessment in the committee's forward plan.

It was reported that the dates for the Citizen's Audit would be moved forward by a month but that this did not change any public rights.

Resolved: To 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.

**51. COUNTER FRAUD: RISK ASSESSMENT & REVIEW OF POLICIES**

Members considered the report which updated them on the progress made against the actions set out in the counter fraud and corruption strategy. Max Thomas was in attendance to present the report and to respond to queries. The national policy framework remained unchanged but a new money laundering policy had been included and the action plan had been updated with new issues. Discussion about securing the public sector against cyber attack was ongoing, following a number of instances nationally with severe consequences.



In response to questions it was explained that the whistle blowing policy was still being reviewed with a completion target date of March 2019. It was reported that responsibility for this timescale rested with the Monitoring Officer but that it was hoped that it would be completed earlier than the target. It was expected that the completed policy would be reviewed annually. Members asked that this be added to the committee's agenda for a date when the Monitoring Officer was available to attend the meeting.

It was confirmed that the approval of the report stated on page 56 was officer approval as the report had been brought for the committee's information rather than their approval. It was explained that the target dates for some audits were marked as unavailable because these were for ongoing exercises where there was no end date as work continued in a cycle.

The committee went into closed session to discuss the confidential Annex 3, including blue badge fraud, the different definitions of fraud, the possibility of making less of the report restricted to the public, the council's approach to counter-fraud and the cost of fraud to the council. Members requested a report on the number of cases of fraud and the associated risks and costs, and the trends across different service areas.

Resolved: To receive and note the updated Counter Fraud and Corruption Strategy Action Plan in Annex 2 and the updated Fraud Risk Assessment and proposed priorities for counter fraud work set out in Annex 3.

Reason:

- (a) In accordance with the committee's responsibility for assessing the effectiveness of the Council's counter fraud arrangements.
- (b) To ensure that scarce audit and counter fraud resources are used effectively.

## **52. AUDIT & COUNTER FRAUD PLAN & CONSULTATION**

Members were asked to comment on the suggested priorities for the internal audit and counter fraud plan for 2018/19. The auditor explained that a more developed draft would be taken to

a future meeting that this was a chance for the committee to feed into the early stages of its development.

The next draft would include the key areas for inclusion and suggested budget allocation to those areas. It was explained that all the areas included had been identified as high risk areas but for a range of reasons including that they had not been audited for a while, or that there had been issues in these areas previously. More scoping of the areas would be included in the next report to the committee. Members would still have an opportunity to input into the plan at that stage, but this was their opportunity to add new areas they felt were important.

During discussion, members considered cyber security, financial consolidation including financial forecasting, preparation for the new GDPR requirements, the assessment of data quality including how it was collected and processed, and contract management.

It was reported that the institute of internal auditors was encouraging the inclusion of organisation culture and ethics on their schedule. There was discussion underway of how other local authorities were planning to approach this and this remained a work in progress.

It was also reported that there was an Audit Universe which was changing all the time and included all areas that could be audited. This could be made available to members if requested. The items included in the report were the same general areas that other local authorities used. Members felt this would be helpful. They also felt that it would be useful to see the rationale for how the areas had been selected to provide context for their inclusion.

Resolved: To comment on the proposed approach to internal audit planning for 2018/19 and identify any specific areas which should be considered a priority for audit.

Reason: To ensure that scarce audit resources are used effectively.

### 53. HEALTH & SAFETY FOLLOW UP REPORT

Members considered an update report on the previously completed health and safety audit and the progress made in implementing outstanding actions. The officer explained that members had highlighted health and safety as an area of concern and the report provided context for these. A follow-up audit had now been completed and extra actions had been added.

Members discussed the cost to the Council of employees missing occupational health appointments and Council's policy for dealing with this. It was explained that there were several reasons that employees did not attend appointments. Examples included occasions when managers were not able to release staff to attend, and staff not wishing to attend if thought they may be diagnosed with career-limiting conditions. It was reported that this was an ongoing issue for the Council and different approaches had been considered. It was currently being looked at by the new head of HR.

It was reported that the change in the compliance note regarding asbestos management was to make it clear about people's responsibilities, especially regarding use of contractors. A complete schedule of re-training was planned to bring people up to speed with new regulations but this took a long time due to the number of staff involved. It was explained that work was being doing to complete one comprehensive spreadsheet of all the Council's corporate and commercial premises, and to ensure appropriate surveys were completed of all properties.

Resolved:

- (i) To receive the report on the progress made in implementing outstanding audit actions as final and to request that further reports be brought to the committee only by exception
- (ii) To recommend that HR should consider the view that charges should be levied for non-attendance at by employees at occupational health appointments.

Reason: To update the Committee on the progress made in implementing outstanding audit actions.

**54. AUDIT AND GOVERNANCE COMMITTEE FORWARD PLAN**

Members considered the committee's programme of reports for the year to December 2018. It was agreed to add the following:

- April 2018 - To receive the second LGA report
- To receive a further report on the public interest report taken to full council previously.

The renewal of the internal auditors contract was also discussed and it was confirmed that this was an officer decision and was currently being discussed with the Chief Executive. It was agreed that the stakeholder committee (a recommendation of the public interest report) be reconvened.

Resolved: To approve the committee's forward plan for the period up to December 2018 with the above additions.

Reason:

- (a) To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.
- (b) To ensure the Committee can seek assurances on any aspect of the council's internal control environment in accordance with its roles and responsibilities.

Cllr F Derbyshire, Chair

[The meeting started at 5.30pm and finished at 6.50pm]

---

Meeting	Audit & Governance Committee
Date	11 April 2018
Present	Councillors Derbyshire (Chair), Lisle, Shepherd, Cuthbertson, Fenton, Kramm and Steward Mr Mendus (Independent Member)
Apologies	Mr Mann (Independent Member)

---

## 55. DECLARATIONS OF INTEREST

Members were asked to declare any personal interests, not included on the Register of Interests, or any prejudicial or disclosable pecuniary interests which they may have in respect of business on the agenda. None were declared.

## 56. PUBLIC PARTICIPATION

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme on general matters within the remit of the Audit & Governance Committee (A&G).

Gwen Swinburn spoke in relation to her concerns about the A&G Committee report titled *Observation and Learning from the Local Government Association (LGA) Peer Review* at Agenda Item 3. She also expressed disappointment that the redacted report contained only five out of twelve recommendations included in the full version of that document.

## 57. OBSERVATIONS AND LEARNING FROM THE LGA PEER REVIEW

Members considered a Committee report providing elements of learning identified through the external LGA peer review relating to future conduct of the A&G Committee.

Prior to discussion of the report, the Chair confirmed that a request to view a full (unredacted) version of the appended LGA Peer Review Report had been received from the cross-party

representation of the Committee so that the Committee could fulfil its function in considering the recommendations in the A&G Committee report. Members were advised that the full Peer Review Report contained confidential information relating to HR and Member conduct issues that had already been considered and concluded upon in separate processes by their Member colleagues. It was clarified that the Officers had included a redacted Peer Review Report within the open Agenda Item 3 to be as transparent as legally possible. The Chief Executive Officer (CEO) added that a separate report about wider culture and obligations of Members and Officers in terms of how the Committees were run would be presented at one of the future Group Leaders' meeting.

The following two options were presented to the Committee:

- Option 1: deferring the item and discussing the full report in private during one of the following Audit & Governance (A&G) Committee's meetings;
- Option 2: accepting the recommendations of the report and requesting additional information on wider cultural issues discussed in the report.

During debate, Members agreed that full recommendations should be presented on a confidential basis to the Committee so that it could fulfil its role, particularly because it was challenging to review the report and lessons learned if nine out of twelve recommendations had been removed or redacted. The Deputy Monitoring Officer confirmed that Members were entitled to see the full unredacted report in a private session. Members were reminded that the Peer Review Report contained confidential information that must not be disclosed further.

Members agreed that, in order to consider the report, an extraordinary A&G Committee meeting in private should be organised.

Cllr Lisle moved and Cllr Kramm seconded a motion to defer the item and discuss the full report in private during an extraordinary A&G Committee's meeting. Upon being put to vote, it was then

Resolved: (a) That a full, unredacted version of the LGA peer review report be brought to the Committee in a private session.

(b) That an extraordinary A&G Committee meeting be organised before 27 June 2018, in order to enable the Committee to discuss the report.

Reason: To enable Members to consider the recommendations within the Committee Report at Agenda Item 3 having regard to the full version of the LGA Peer Review Report whilst maintaining the required confidentiality.

#### 58. **MONITOR 4 2017/18 - KEY CORPORATE RISKS**

Members considered a paper presenting the Committee with an update on the key corporate risks (KCRs) for City of York Council (CYC), which were included at Annex A, together with a detailed analysis of KCR2: *Governance*, included at Annex B. The Principal Accountant, Information Governance & Feedback Team Manager and Head of ICT were in attendance to answer potential questions.

In response to Members' queries, the following was noted:

- KCR6: *Health and Wellbeing* risk mitigation was, to some extent, dependent on external partners but the risk was managed accordingly;
- moving to the 100% retention of business rates did not result with risk being higher than in previous years;
- a number of processes were in place to ensure that any new software packages were thoroughly tested before being implemented in the organisation.

Members discussed the CYC's transition to the General Data Protection Regulation (GDPR) with the enforcement date of 25 May 2018. It was confirmed that the new legislation required that evidence of meeting data protection requirements be collected, which raised the compliance standards. Members were reassured that there had been no significant changes in relation to data protection compliance at the individual level and that additional support such as introduction of a brand-new toolkit would be provided to meet any outstanding requirements. It was confirmed that all Members and CYC employees would have an opportunity to complete either a paper or an on-line data protection training and that systems were put into place to

ensure that everyone completed it. The Officers added that it was unlikely that any large organisation would be fully compliant with GDPR by 25 May 2018; nonetheless, CYC was not complacent on that matter and was underway with administration of new resources, training and processes to implement GDPR. Following on Members' questions, it was explained that, depending on the nature of potential data protection breach committed by Councillors, the breach could be investigated by CYC. Finally, it was confirmed that restrictions to the system access were not currently in place for anyone who would not complete the training.

The Officers confirmed that the internal policy on Information Systems' Security & Acceptable Use was in place to protect the organisation and its employees from compromising integrity and security of the ICT systems. Members requested that the policy be circulated to the Committee.

Consideration was given to making a careful distinction between 'probable' and 'possible' when assessing risks in the KCR Register as well as to making any changes in future updates more (physically) visible.

- Resolved:
- (a) That the key corporate risks included at Annex A be considered and commented upon;
  - (b) That the information provided in relation to KCR2: *Governance* included at Annex B be considered and commented upon;
  - (c) That the fact that the 2018/19 monitor 1 report will include a detailed analysis of KCR3: *Effective and Strong Partnerships* be noted;
  - (d) That feedback on any further information that the Committee wishes to see on future committee agendas be provided;
  - (e) That the internal policy on the ICT security be circulated to all Members.



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

#### **59. MAZARS AUDIT UPDATE REPORT**

Members considered a report from Mazars, the Council's external auditors, detailing the progress made in delivering their responsibilities. Jon Leece, Mazars' Senior Manager, and Gareth Davies, Mazars' Partner and Engagement Lead, attended the meeting to summarise the report and answer Members' questions.

The following was highlighted:

- the quality of the Council's account had been commented on favourably in recent years;
- there was little control over external bodies in relation to health scrutiny but this was something over which CYC had little influence;
- the key points to note on *Northampton County Council S114 Notice* case were loss of control over financial strategy as well as increased reliance on using reserves and capital disposals;
- CYC's financial sustainability / reserve position was deemed relatively strong compared with other authorities and arrangements for measuring related risks were robust.

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.

#### **60. MAZARS AUDIT STRATEGY MEMORANDUM REPORT**

A paper from Mazars, the Council's external auditors, highlighting the audit approach and significant areas of key judgements and details of the audit team, was presented to Members. Jon Leece, Mazars' Senior Manager, and Gareth Davies, Mazars' Partner and Engagement Lead, attended the meeting to summarise the report and answer Members'

questions. It was confirmed that CYC had adequate arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Members discussed the initial materiality thresholds highlighted in the report and whether lower thresholds should be exerted. Most Members agreed that the overall materiality figure of 2% and calculation of triviality were proportionate with the size of the organisation and, therefore, not a concern.

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

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

#### **61. INTERNAL AUDIT & COUNTER FRAUD PLANS 2018/19**

Members considered a report seeking Committee's approval for the planned programme of internal audit work to be undertaken in 2018/19. This also included details of the planned programme of counter fraud work. The Head of Internal Audit was in attendance to answer potential queries. It was explained that the total planned days for both the internal audit and the counter fraud plans were reduced due to the budget cuts (equivalent of £30k) and that both plans were subject to change according to any future or potential risks.

Members discussed whether the number of days devoted to the internal audit of Scrutiny (n = 20) was not excessive. Members felt that auditing Scrutiny would not bring effective outcomes and that the resources devoted to auditing it could be used elsewhere. Some Members suggested that the days allocated to Scrutiny could be used for auditing its broad functions, taking into account the recent restructure of the Economic Development and Transport Policy and Scrutiny Committee. Overall, Members recommended the re-assessment of allocation of the number of days in Scrutiny. The following suggestions were noted:

- looking at how much the Council insured and at the balance between different types of insurance (i.e. increasing the number of days in Insurance);
- auditing types of legal advice used in order to secure the best value for money.

One Member queried the effectiveness of reviewing strategic arrangements for assessing housing need given the undergoing changes in methodology for its assessment.

It was also clarified that:

- due to its complexity, the ICT asset management was separated from the overall asset management;
- overtime holiday and absence recording in the internal system had been audited thoroughly in previous years; for this reason, no days were allocated to it in the current audit plan;
- project management had not been audited recently; for this reason, the allocation of days for project management was 50.

Resolved: That the 2018/19 internal audit plan be approved and the proposed counter fraud plan be noted.

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

## **62. AUDIT & COUNTER FRAUD MONITORING REPORT**

A report providing an update on progress made in delivering the internal audit workplan for 2017/18 and on current counter fraud activity was presented to Members. The Head of Internal Audit was in attendance to answer potential queries. It was confirmed that the investigations by benefit fraud had been transferred to the Department of Work and Pensions.

Some Members queried whether, given the fact that the level-of-savings targets had been exceeded, some of that pot could be allocated within the internal audit plan or counter fraud plan. It

was, however, acknowledged that this would be hard to quantify given the plans' focus on high-value activities.

Some Members stated that more could be done to improve performance management and information security checks. However, it was also admitted that the shift in culture and behaviour was a long-term process.

The following was then suggested:

- if there were contrasting opinions that had been provided within any of the sections audited, those opinions could be separated to enable Members to see the differences in assurance;
- in addition to charts showing the types under investigation by number of cases, charts illustrating them by value should be included in the future reports.

Resolved: That the progress made in delivering the 2017/18 internal audit work programme and current counter fraud activity be noted.

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

### **63. INTERNAL AUDIT FOLLOW UP REPORT**

Members considered a regular six-monthly report to the Committee setting out progress made by council departments in implementing actions agreed as part of internal audit work. The Head of Internal Audit was in attendance to answer potential queries.

It was brought to Members' attention at that point that the *Health & Safety Follow Up Report* presented at the meeting of 07 February contained actions that had not been completed for at least six years (i.e. lone working, Legionella and asbestos' monitoring and mapping). It was suggested that a separate discussion on that issue be held outside the meeting.

In response to a Member's question, it was confirmed that the quality of records' management varied between departments. It was suggested that a mapping exercise identifying best practice

as well as departments struggling with records' management be undertaken.

The Officer stated that he would submit a written answer to a Member's question about the asset disposals i.e. why the audit had been judged as 'inconclusive' and what the reason for the delay was.

Resolved: (a) That the progress made in implementing internal audit agreed actions be considered.

(b) That a written answer to the query relating to asset disposals and the reason for the delay be submitted to all Members.

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

**64. AUDIT & GOVERNANCE COMMITTEE FORWARD PLAN TO FEBRUARY 2019**

Members considered the plan of reports expected to be presented to the Committee over the forthcoming year. Members requested that an additional progress report on information governance and data protection be added to either September's or December's meeting.

Resolved: (a) That the Committee's forward plan for the period up to February 2019, with appropriate amendments as resolved at Item 57 of these minutes (Agenda Item 3), be noted.

(b) That an additional progress report on information governance and data protection be added to either September's or December's meeting.

- Reason:
- (a) To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.
  - (b) To ensure the Committee can seek assurances on any aspect of the Council's internal control environment in accordance with its roles and responsibilities.

Cllr F Derbyshire, Chair

*[The meeting started at 5:30pm and finished at 8:20pm]*



---

Audit & Governance Committee

30 April 2018

## Report from Chief Executive

### Observations and Learning from the LGA Review into the Conduct of the Audit and Governance Committee on 22<sup>nd</sup> February 2017

#### Background Summary

1. At the 11<sup>th</sup> April 2018 Audit & Governance Committee, Members resolved that this item be deferred to a private meeting. The reason for this was that Members requested an un-redacted version of the LGA Report to be able to understand in context those recommendations that relate to improving governance arrangements needed for the A&G Committee going forward. Members agreed at the last A&G Committee that the public interest in maintaining the exemption outweighs that of disclosing it, and therefore the public will be excluded from the meeting and the LGA Report will remain exempt from publication. The Confidential Report is within the Annex.
2. The LGA review was commissioned by the then Leader (Cllr Carr), the then Deputy Leader (Cllr Aspden) and the current Chief Executive (Mary Weastell). The Terms of Reference were as follows

*To look at the 22<sup>nd</sup> February 2017 Audit and Governance Committee meeting with the terms of reference as follows:-*

- *consider the governance and decision making processes including preparation for the meeting and the handling of private items;*
- *consider overall conduct of the meeting itself and input and interaction by the Chief Executive, Section 151 Officer, Monitoring Officer, Auditors, Members of the Committee and members of the public; and*

- *recommend any improvements to the Governance arrangements needed for this Committee and any other actions.*
3. It is noted that at minute 48 (iii) of the Staffing Matters and Urgency Committee on 11<sup>th</sup> December 2017, it was resolved that:

*“(i) no further action be taken and the relevant parties (Officers affected and complainants) be informed accordingly:*

*(ii) wider cross party discussions be organised with Group Leaders, initially to develop agreed joint approach to improving organisational culture*

*(iii) an appropriate report be produced for circulation to Audit & Governance Committee Members in the first instance identifying the issues raised in the independent report from the investigator appointed by the LGA.*

*Reason: To enable complaints to be considered and next steps determined. “*

### **Observations and learning recommendations from the LGA Review for Audit & Governance Committee**

4. The following section identifies the recommendations from the LGA Report which have not been concluded through other processes and information on action to date.
5. ***Recommendation 1*** - *Both the Chair and Vice Chair should be briefed prior to a meeting.*
6. Officers involved in this meeting (22 February 2017) confirmed that a briefing was provided to the Chair, but that the Vice Chair was not briefed. The Chair requested the brief on the day of the meeting. The brief given was of a legal nature and therefore neutral in its content.
7. The Chair and the Vice Chair of Audit Committee are offered briefings before each Audit and Governance meeting. It is recommended to make the briefings mandatory for the Chair and Vice Chair of Audit & Governance.
8. ***Recommendation 3*** - *Chairs should be given training and guidance in order to ensure that meetings are conducted in an orderly fashion, and are able to apply appropriate intervention when necessary.*
9. Chair training is covered within the new Councillor Induction. However, it is recommended to provide focussed Chair training to Chair and Vice-



Chairs as soon as possible, this will also include bespoke training around data protection and confidential privilege.

10. Currently all new Members are trained on induction and all existing Members are invited to attend at least one course during the life of the Council. However we are recommending a refresh of the member training programme based on the changing needs of the council.
11. **Recommendation 9** - *Care should be given to booking rooms that are fit for purpose.*
12. Care will be taken at all times to ensure the room is a suitable size for the meeting.
13. **Recommendation 10** - *There is no requirement for a security guard unless advance information dictates otherwise.*
14. The Council do not employ security guards, security services are provided through a contract and security staff are present at West Offices during opening hours. During evening meetings the security staff are present to facilitate public participation, gaining entry to the building and the meeting room, as well as ensuring members of the public have access to the toilet facilities.
15. For the meeting on 22 February 2017, the Council was aware of the increase of interest through social media of the agenda items and our expectation was that there would be a higher level of public attendance at the meeting and therefore the need for the security staff to facilitate the movement of the members of the public.
16. **Recommendation 12** - *That the Council works actively to address the heritage governance issues and strives to demonstrate transparency so as to ensure that future meetings proceed in a more appropriate fashion.*
17. A number of peer reviews have been carried out in recent years, demonstrating the Councils willingness to benefit from external views, and to continue to improve. This included a peer review that reported to Audit & Governance in January 2015, and a peer review reported to Executive July 2016. In addition the LGA did a review of procurement during 2018, with this reported to Audit & Governance.

18. There are many standard elements to the package of training provided to new Councillors upon their election and for their induction into being a City of York Councillor. Essential training on the Councillor Code of Conduct is one such essential element. All members new to the Council received this specific training upon their election in 2015. Existing Members were offered (and some attended) the session as a refresher. Most recently, newly elected Members for Micklegate, Hull Road and Holgate wards have been given this training following their success at By-elections in 2017 and 2018. A full induction programme, incorporating Code of Conduct training, will be given to all newly elected Members following the May 2019 local elections and key elements of this (again including Code of Conduct training) will be offered as a refresher.
19. Officers and Members have done a significant amount of work over the past 2 years to improve the effectiveness and Governance of the Council including:
- Member Training and Induction;
  - Members review of code of conduct;
  - Specific training for the Audit Committee – this includes a full day of training provided by CIPFA and regular training in advance of the Audit Committee meeting on a wide range of issues;
  - Performance for FOI's has improved, and all aspects of the transparency code are complied with;
  - New communications protocols;
  - A new Social Media Policy has been approved to assist with expectations of social media use;
  - New Values and Behaviours for Staff and Members have been introduced;
  - New arrangements for Scrutiny introduced;
  - Refreshed Senior Leadership Forums, including Corporate Leadership Group and Leading Together on governance and transparency;
  - Introduction of the cost control board
  - Improved decision making and forward planning process; and
  - Staff Engagement events are held regularly.
20. A professional working relationship between officers and members based on mutual trust and respect is crucial to the good governance of the Council. Officers provide professional advice and guidance to Members on issues, and it is for Members to make decisions having regard to that advice, acting reasonably and within the law for the benefit of the

communities they serve. The Staffing Matters and Urgency committee recommended a cross party working group, via Group Leaders, be established to build on ensuring the organisational culture promotes a strong professional relationship of trust and confidence. This will consider a range of issues. There may be matters arising from this review by Group Leaders that require Audit and Governance committee input/consideration at a later date.

21. Officers commit to the organisational culture of transparency, but there are times when there are legitimate reasons to keep matters confidential in the public interest. At times a balanced judgment must be made about whether the disclosure of information is in the public interest. Some decisions are finely balanced, and require members to consider advice received, when applying the relevant legal public interest tests.
22. As members are aware there has been discussion within the committee about the potential to review the effectiveness of the A&G committee. A report was brought to a recent meeting, but was deferred at the request of a member of the committee, pending the outcome of a similar review at a Fire Authority. It is suggested that this report should be brought before a future A and G meeting.

### **Consultation**

23. The Leader and Deputy Leader have been briefed on the broad content of this report prior to submission to Audit & Governance.

### **Recommendations**

24. That the Committee:

- (i) consider the observations and learning from the LGA Report and the response from Officers on actions to take forward;
- (ii) make any further recommendations for improvement that would support them in their roles on this committee; and
- (iii) receive a report on options for a review of the effectiveness of the committee at a future meeting of the A&G Committee.

**Contact Details**

Author: Ian Floyd,  
Deputy Chief Executive

Chief Officer Responsible for the report:  
Mary Weastell, Chief Executive

Report  
Approved

Date 20 April  
2018

Mary Weastell, Chief Executive

**Wards Affected:** List wards or tick box to indicate all

All

For further information please contact the author of the report

**Annexes:**

Exempt Annex A - to follow for Committee Members who have confirmed attendance at the meeting

**Background Papers:**

None