

Meeting	Audit and Governance Committee
Date	31 January 2024
Present	Councillors J Burton (Vice-Chair), Hollyer (Chair), Fisher, Mason, Melly, Rose and Whitcroft Mr Binney (Independent Member) Mr Leigh (Independent Member)
In Attendance	Bryn Roberts, Director of Governance and Monitoring Officer Claire Foale, Assistant Director of Policy and Strategy Mark Kirkham, Mazars Mark Outterside, Mazars Helen Malam, Principal Accountant Debbie Mitchell, Chief Finance Officer

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### 36. **Declarations of Interest (5:34 pm)**

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.

### 37. **Minutes & Action Log (5:34 pm)**

Resolved: That the minutes of the meeting held on 8 November 2023 be approved and then signed by the Chair as a correct record subject to removing the words *no other* in the third paragraph of minute item 29 and to add to the end of that sentence, *members will generally have access to pink papers.*

During discussion and in answer to questions raised it was:

- agreed that a date would be included in the 'to be completed by' column of each outstanding action on the action log.
- noted that the minutes of the Joint Committee of Customer and Corporate Services, Climate Change and Scrutiny Management Committee and Audit and Governance

Committee held on 15 January 2024 would be signed off at the next joint committee meeting.

- noted that the Constitution review was underway and the Task Group was making slow but steady progress and were currently up to Section B1.

Thanks was expressed to the Constitution Review Task Group.

### **38. Public Participation (5:40 pm)**

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

Gwen Swinburn addressed City of York Council's (CYC) core governance and culture failings and the Local Government Association (LGA) peer review. She noted her constructive governance contributions over the last decade and highlighted the various governance failings that she felt were the root of what was wrong at CYC. She feared the LGA peer review would not address the failings and she acknowledged that citizens should be recognised as stakeholders and not as customers.

### **39. Report of the Monitoring Officer (5:43 pm)**

The committee considered a report that updated them on any significant issues considered by the Monitoring Officer.

The Monitoring Officer provided a brief overview noting that a revised resolution had been submitted for agenda item 7, which would result in the Statement of Accounts for 2022/23 not concluding the full sign off at this meeting.

During discussion of the item, and in answer to questions raised regarding the member induction programme, Freedom of Information requests and the York and North Yorkshire Combined Authority draft Constitution, it was acknowledged that:

- the Audit and Governance Committee would have oversight of the member induction programme, and an update report, including feedback from the Joint Standards Committee, who had predominantly focussed on the level of uptake of the training provided to Members, could be provided.
- this committee regularly received Freedom of Information metric reports from the corporate governance team and in

respect of the recent enforcement notice from the Information Commissioner, measures had been inaugurated to ensure performance reports would be overseen by the corporate management team.

- the Monitoring Officer would enquire if feedback could be provided to central government regarding the process undertaken to approve the York and North Yorkshire Combined Authority (YNYCA) draft Constitution.
- the Constitution Review Task Group would consider any elements of the York and North Yorkshire Combined Authority's Constitution that could impact City of York Council's Constitution.

The Monitoring Officer was thanked for his report and update.

Resolved:

- (i) That the contents of the report be noted.
- (ii) That the Monitoring Officer enquires if feedback can be provided in relation to the process undertaken to approve a draft Constitution for the York and North York Combined Authority.

Reason: The contents of the report were provided for information only and to ensure agreed actions were implemented.

#### **40. Local Government Association (LGA) Peer Challenge (5:55 pm)**

The committee considered a report that provided an update on the Local Government Association (LGA) Peer Challenge that was due to take place between 6-9 February 2024, with some preparatory interviews taking place in advance.

The Assistant Director of Policy and Strategy provided an overview noting the scope (Annex A to the report) and the list of interviewees (Annex B to the report) which had responded to the LGA's prescriptive request. The Assistant Director highlighted an error within paragraph 10 of the report in that the Peer Challenge report and recommendations would be presented to Executive in May 2024 and not April 2024 due to the pre-election period.

During discussion of the item, particularly the list of interviewees, although the committee recognised that this was the LGA's review and should be administered by them, they questioned if the Peer Reviewers could consider engaging with a broader spectrum of stakeholders such as residents, all councillors, all officer levels, trade unions, and parish and town councils. Officers acknowledged the tight timelines the LGA were already working towards but agreed to forward members comments back to the LGA for consideration.

In answer to further questions, it was noted that:

- to form the basis of their questions, the Peer Reviewers had also requested further data relating to the public interest reports, previous peer challenge and action plans, and the 10 recommendations previously outlined by the Local Government Association.
- Inclusive Global would provide an objective and outside view on the council's approach to equality and inclusivity and would assess the authority against a set of criteria from poor to excellent.

The Assistant Director was thanked for her report and the committee acknowledged that a member induction programme update was due to be considered by this committee in May.

Resolved:

- (i) That the report be noted.
- (ii) That Members comments regarding the interviewee list be fed back to the LGA for consideration.

Reason: To keep the committee updated on the forthcoming Local Government Association Peer Challenge.

#### **41. Mazars Audit Completion Report (6:09 pm)**

The committee considered the Audit Completion Report from Mazars, attached at Annex A of the report, which included their findings of the audit for the year ended 31 March 2023.

The external auditors addressed their report, highlighting the:

- significant findings from the audit.
- internal control recommendations.
- minor misstatements and other amendments.
- value for money arrangements.

Members noted the current status of the audit and that Mazars were still waiting for pension fund assurance from Deloitte, the North Yorkshire Pension Fund auditor.

Members' questions were answered regarding the council's heritage assets, the scrutinization of the recommendations and actions from the audit completion report, and an undervalued insurance misstatement, which was due to an administrative error and a procedure had been inaugurated to ensure the oversight did not reoccur.

Mazars were thanked for the work undertaken to complete the audit.

Resolved: That the matters set out in the Audit Completion Report presented by the external auditor be noted.

Reason: To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

#### **42. Statement of Accounts 2022/23 (6:18 pm)**

The committee considered a report that presented the final set of accounts for 2022/23, which followed draft pre-audit accounts previously presented on 19 July 2023.

The Principal Accountant provided an update and proposed replacing recommendation (b) of the report due to the delay in receiving pension fund assurance from Deloitte, the North Yorkshire Pension Fund auditor. She suggested replacing it with:

Delegate authority to the Chair in consultation with the Vice Chair to approve and sign the final Statement of Accounts by resolution of this Committee in accordance with the Accounts and Audit regulations 2015 - subject to the only amendments being related to the Pensions fund (as a result of the North Yorkshire Pension Fund audit).

It was noted that the pensions audit was the only outstanding piece of work that would impact on the accounts entries, and officers were not expecting any adjustments to be required.

Officers responded to a number of questions from Members that related to the budget monitoring processes, the increased external audit costs which were due to a new public sector audit appointment framework contract, local government funding across the country and the disposing of and management of the council's heritage assets.

During discussion, officers agreed to include clearer timelines, processes and explanations within the statement of accounts and the narrative report, particularly relating to the:

- Election in May 2023.
- general and earmarked reserves and overspends.
- progress of the major projects.

The committee also requested a summary of all the assets the council owned and a breakdown of the 2021/2022 and 2022/2023 member allowances and expenses.

Officers were thanked for their report and having being unanimously agreed, the proposed recommendation was carried.

Resolved:

- (i) That the matters set out in the Audit Completion Report presented by the external auditor in the previous agenda item and summarised in this report, be noted.

Reason: To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

- (ii) That the Chair, in consultation with the Vice Chair, be given delegated authority to approve and sign the final Statement of Accounts in accordance with the Accounts and Audit regulations 2015 - subject to the only amendments being related to the Pensions fund (as a result of the North Yorkshire Pension Fund audit).

Reason: To ensure compliance with the International Auditing Standards and other relevant legislative requirements.

#### **43. Monitor 3 2023/24 - Key Corporate Risks (6:51 pm)**

The committee considered a report that provided an update on the key corporate risks (KCRs) for City of York Council (CYC), included at Annex A to the report.

During discussion and in answer to questions raised regarding the gross impact scores, the risks associated with an unadopted Local Plan and the York and North Yorkshire Combined Authority, it was acknowledged that:

- the major metric risk definition used in the gross impact score for KCR 1, Financial Pressures could be reconsidered.
- the Local Plan Inspectors report had been expected earlier this year, however, a further hearing had been requested which would delay the conclusion of their review. A more detailed report would come to a future meeting of this committee, but in the meantime, the officers working on the Local Plan would be asked to provide an update on the risks to committee members.
- officers would consider if there were any key corporate risks associated with accessing and utilizing additional resources through the York and North Yorkshire Combined Authority.

Officers were thanked for their report.

Resolved: That the key corporate risks included at Annex A to the report and summarised at Annex B to the report, be noted.

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

#### **44. Treasury Management Monitor 3 2023/24 (7:00 pm)**

The committee considered a report that provided a quarterly update on treasury management activities and the latest update of the prudential indicators.

The Chief Finance Officer raised a point of clarification in that since her report had been published the council had recently borrowed £10m and in answer to a question raised, she confirmed that in table 1, the Link Group Interest Rate forecasts,

noted on page 334 of the agenda in Annex 1, should state 4.0 for June, September and December 2026 and not 40.

The committee noted the performance indicators and it was acknowledged that the treasury management training recording would be circulated around committee members.

The Chief Finance Officer was thanked for her report.

Resolved: That the Treasury Management Monitor 3 and Prudential Indicators, attached at Annex 1 to the report, be noted.

Reason: That those responsible for scrutiny and governance arrangements were 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.

**45. Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2024/25 to 2028/29 (7:03 pm)**

The committee considered a report that was a statutory requirement setting the strategy for treasury management and specific treasury management indicators for the financial year 2024/25. The strategy was set against a context of projected interest rates and the council's capital expenditure programme and leaves investment criteria and limits largely unchanged.

The Chief Finance Officer presented her report and noted that it would be considered by Full Council on 22 February 2024.

In answer to questions raised it was confirmed that officers do regularly review the bank charges and provider used.

The Chief Finance Officer was thanked for her report.

Resolved: That the treasury management strategy statement and prudential indicators for 2024/25 to 2028/29, at Annex 1 to the report, be scrutinised.

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



**46. Audit and Governance Work Plan 2024 (7:06 pm)**

The committee considered the work plan for the 2023/24 municipal year and in answer to questions raised, it was noted that:

- the pre-election period would start on Tuesday, 26 March and further guidance would be issued in February.
- a report would be received at the next meeting on the Salvation Army early intervention and prevention contract.
- The 2024/25 Corporate Calendar would be finalised shortly and officers were exploring if the calendar could also be completed for the next three municipal years.

Resolved:

- (i) That officers consider the best method for the committee to deliberate the council's asset register.
- (ii) That the workplan be populated to include the 2024/25 finance reports.
- (iii) That a member induction programme report, including feedback from the Joint Standards Committee, and an update on the LGA peer review recommendations, be received in May.

Reason: To ensure the committee maintained a programme of work for 2023/24 and 2024/25.

Cllr Hollyer, Chair  
[The meeting started at 5.33 pm and finished at 7.15 pm].

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