

Meeting	Audit & Governance Committee
Date	10 December 2014
Present	Councillors Ayre (Chair), Brooks (Vice-Chair), Potter, Barnes, D'Agorne, Fraser and Scott and Mr Whiteley (Co-opted Non-Statutory Member)
In attendance	For item 14 (minute 52 refers) Councillors Aspden, Crisp, Steward, Williams and Wiseman

Chair's Comments

Thanks were expressed to Councillor Potter for her previous service as Chair of the Audit and Governance Committee and for the work that she had carried out in that role.

39. 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.

40. Minutes

Resolved: That the minutes of the meetings of 24 September 2014 and 2 October 2014 be approved and signed by the Chair as a correct record.

41. 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 in respect of the following agenda items:

- Item 4 (Forward Plan) – a request for all audit reports to be included on the plan and for a standardised report to be put in place in respect of follow-up action

- Item 5 (Mazars Annual Audit Letter) – concerns were expressed regarding the figures in respect of Lendal Bridge
- Item 11 (Freedom of Information Update) – a request for future updates to include a breakdown by departments.
- Item 12 (Absence Management Update) – concerns were expressed regarding the assurance levels
- Item 14 (LGA Review) – a request for the recommendation in the cover report to be reworded.

42. **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 September 2015.

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

Members noted that it was proposed to include an item on the agenda for the next meeting regarding general governance matters. This had arisen in response to recent political changes and issues currently being discussed with Group Leaders. Members requested that a list of these issues be made available¹. *[This information has been included as a background paper with the online agenda papers for this meeting]*

Clarification was sought as to whether consideration of governance issues relating to Lendal Bridge fell within the remit of the Audit and Governance Committee. Officers explained which aspects would fall within the committee's remit and which would more appropriately be considered by a scrutiny committee.

Resolved: That the committee's Forward Plan for the period to September 2015 be approved subject to an item on the governance of Lendal Bridge being included on the agenda for the next meeting.

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

1. Make list available

JC

43. Mazars Annual Audit Letter 2013/14

Members considered a report from Mazars which summarised the outcome of the 2013/14 audit which had been carried out by Mazars.

Resolved: That Mazars Annual Audit Letter 2013/14 be noted.

Reason: To ensure that Members are informed of the findings of the audit.

44. Mazars Audit Progress Report

Members considered a report which updated them on progress made by Mazars in meeting its responsibilities as external auditor. The report also included key emerging national issues and developments.

An update was given on the situation in respect of the outstanding objection to the accounts in relation to the receipts arising from penalty charge notices for Lendal Bridge and Coppergate.

Members noted the Audit Commission's proposal to reduce audit fees by a further 25% from the 2015/16 audit.

Resolved: That the report be noted.

Reason: To ensure that Members are kept updated on the work of the external auditors and key emerging national issues and developments.

45. Scrutiny of Treasury Management Mid Year Review Report and Prudential Indicators 2014/15

Members considered a report which presented the Treasury Management Mid Year Review and Prudential Indicators 2014/15 report. The information provided an update of treasury management activity for the first six months of 2014/15.

Officers went through the key issues, including drawing Members' attention to the annex, which set out the Council's Prudential Indicators.

Resolved: That the Treasury Management mid year review and Prudential Indicators 2014/15, as detailed in Annex A of the report, be noted.

Reason: So 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.

46. Overview of National Risk Picture

Members considered a report which presented an update on the key and emerging risks facing the council. Members were asked to identify any further information they would wish to receive on these matters.

It was noted that the corporate risk register previously reported to the committee was now out of date and a refreshed register was under development and would be presented at the meeting in February 2015.

Resolved: (i) That the report be noted.

(ii) That the national risk landscape set out within the paper be noted when assessing the corporate risk register when it is presented to Members at their meeting in February 2015.

Reason: To provide a more informed view of risks nationally in comparison to locally identified risks.

47. Audit and Counter Fraud Monitoring Report

Members considered a report which provided an update on progress made in delivering the internal audit workplan for 2014/15 and on current counter fraud activity.

At the request of Members, officers explained the factors that were taken into account when determining the level of assurance given following an audit.

Members were pleased to note that Poppleton Primary School had been given a high assurance opinion following an audit and congratulated them on this achievement.

Officers were asked if it would be possible to include forthcoming audit reports in the committee's Forward Plan. They explained that it was sometimes difficult to determine how long an audit would take to complete because of factors outside of the Internal Audit Team's control. Further consideration could, however, be given to this issue. Members agreed on the importance of ensuring that the committee's focus was on those audit reports in which significant control weaknesses had been identified.

Members noted that a review of the Audit Charter had been carried out and a minor change was being proposed to clarify the fact that auditors would not be assigned to review areas where they had had any direct operational or managerial involvement within the last year.

- Resolved:
- (i) That the progress made in delivering the 2014/15 internal audit work programme, and the results of recent counter fraud activity be noted.
 - (ii) That the proposed changes to the Audit Charter, as detailed in Annex 4 of the report, be approved and the changes to audit opinions and recent counter fraud publications be noted.

- Reasons:
- (i) To enable Members to consider the implications of audit and counter fraud findings.
 - (ii) 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.

48. Information Governance Progress Report

Members considered a report which provided an update on information governance developments since the last report to the committee on 25 June 2014.

Members were pleased to note that a draft data sharing protocol had been developed in conjunction with North Yorkshire County Council, North Yorkshire Police, the York Teaching Hospital Foundation Trust and North Yorkshire Fire and Rescue Service.

Resolved: That the progress made to maintain and develop the council's information governance framework be noted.

Reason: To enable Members to consider the effectiveness of the Council's information governance arrangements.

49. Freedom of Information (FOI) Update

Members considered a report which provided an update on the Council's progress and performance in responding to Freedom of Information requests.

Members' attention was drawn to the number of Freedom of Information requests that had been received, as detailed in the report, of the improvements that had been made in performance and of the costs incurred in responding to requests. Members were pleased to note the improvement in responding to requests.

Officers agreed that future reports would include a breakdown by directorate, reasons for late responses and the number of individuals and organisations that had submitted Freedom of Information requests.

Resolved: That the contents of the report be noted.

Reason: To ensure the Council meets the requirements of Freedom of Information legislation, and is open and transparent in its publishing of information.

50. Absence Management Update Report

Members considered a report which outlined the plans in place and actions undertaken in light of the concerns raised within the Annual Governance Statement relating to sickness absence management across the Council. The report had been requested by the Committee at its meeting on 25 June 2014.

It was noted that Internal Audit would be carrying out a follow-up review in the new year. Members questioned officers as to when the absence management module of iTrent would be implemented. Officers explained that work was taking place to identify the resources and timescales needed to implement the module.

Members were informed that sickness absence levels within the Council remained static although it was acknowledged that the results of the audit were disappointing.

Resolved: That the report be noted.

Reason: To enable Members to understand the key issues and the response to the recommendations to secure improvements in control arrangements around sickness absence.

51. Partnership Governance Update Report

Members considered a report that set out work that was ongoing as part of an action plan to ensure that the council has a methodology and approach to ensure that partnerships operate effectively.

Members' attention was drawn to the revised partnership guidance that was being prepared, the contents of which were detailed in paragraph 11 of the report.

Resolved: (i) That the work that was taking place to ensure that the council has a methodology and approach to ensure that partnerships operate effectively be noted.

- (ii) That the draft partnership guidance be included as an annex to the next Partnership Governance update report.
- (iii) That a further report be presented to the committee in April 2015.

Reason: To ensure that Members are kept updated on the work that is taking place in respect of governance arrangements for partnership working.

52. Local Government Association Review

Members considered a report that set out the context for a review carried out by the Local Government Association into member-officer relations. Mark Edgell from the Local Government Association was in attendance and gave details of the methodology used, the early findings of the review and of the recommendations for addressing the issues that had been identified.

The LGA representative stated that the written report would be available in approximately a week's time. The LGA would be able to arrange support in addressing the issues if required.

Members agreed that it was important that the report, when published, should be shared with all Members of Council.

Members expressed their thanks to those involved in carrying out the review.

- Resolved:
- (i) That the emerging findings of the review be noted.
 - (ii) That a special meeting of the Audit and Governance Committee be convened in January 2015 to receive the written LGA review report and to consider a way forward.

Reasons: (i) To update Members on the action that has been taken in response to the motion passed by Council.

- (ii) To consider the action required to address the issues that had been identified during the review.

Councillor Ayre, Chair

[The meeting started at 5.30 pm and finished at 8.30 pm].