

Meeting	Audit & Governance Committee
Date	24 September 2014 and reconvened on 2 October 2014
Present	Councillors Potter (Chair), Barnes (minute 35), Brooks (Vice-Chair), Ayre (minute 23-34), Fraser, Gunnell, Burton (Substitute for Councillor Barnes minute 23-34), Warters (Substitute for Councillor Wiseman minute 23-43), Watson (Substitute for Councillor Wiseman minute 35) and Cuthbertson (Substitute for Councillor Ayre minute 35) and Mr Whiteley (Co-opted Non-Statutory Member – minute 23-34)
Apologies	Councillors Barnes (for meeting of 24 September 2014) and Wiseman (for meetings of 24 September 2014 and 2 October 2014) and Mr Whiteley for meeting of 2 October 2014

23. 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 interest in agenda item 5 – minute 27 refers (Annual Financial Report – Statement of Accounts) as a member of the Teachers' Pension Fund.

24. Minutes

Resolved: That the minutes of the meeting of 30 July 2014 be approved and signed by the Chair as a correct record.

25. Public Participation

It was reported that there were no registrations to speak at the meeting under the Council's Public Participation Scheme.

26. **Audit and Governance Committee 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 July 2015.

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

Referring to the inclusion in the work plan of an update on Absence Management, clarification was sought as to whether it would be appropriate for the committee to also receive information on other staffing issues, including the outcome of staff surveys. Officers explained that the update on Absence Management had been included as a follow-up from an internal audit report on this issue. It had also been identified as an issue in the Annual Governance Statement. Generally, staffing matters were not within the Committee's remit and were more appropriately dealt with via the Corporate and Scrutiny Management Committee. Members could, however, seek further assurance on any issues which they perceived to be a risk to the Authority.

Resolved: That the committee's Forward Plan to the period to July 2015 be approved.

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.

27. **Annual Financial Report - Statement of Accounts 2013/14**

Members considered a report which presented:

- A final set of accounts for 2013/14 to reflect changes made since the draft pre-audit accounts had been presented to the committee on 30 July 2014
- The external auditors Audit Completion Report
- The letter of representation

Members' attention was drawn to some changes to the report *[details of the amendments are attached to the on-line agenda papers for the meeting]*.

- Resolved: (i) That the matters set out in the Audit Completion Report presented by the external auditor, and the additional amendments circulated, be noted.
- (ii) That the 2013/14 Statement of Accounts be amended in respect of the identified misstatements in section 10 of the Audit Completion Report and those circulated at the meeting.
- (iii) That the amended Annual Financial Report be approved for signature by the Chair in accordance with the Accounts and Audit Regulations 2003.
- (iv) That the letter of representation be approved for signature by the Director of Customer and Business Support Services.
- Reasons: (i) 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)-(iv) To ensure compliance with International Auditing Standards and relevant legislative requirements.

28. Audit Completion Report

Members considered the Audit Completion Report from Mazars for the year ended 31 March 2014. The report summarised the audit conclusions.

Members' attention was drawn to the letter to the Director of Customer and Business Support Services dated 24 September 2014 which provided an update to the Audit Completion Report *[a copy of the letter is attached to the online agenda papers for the meeting]*.

Appreciation was expressed of the co-operation which the auditors had received from Council officers.

Members noted that, as an objection had been received to the Council's accounts in relation to the receipts arising from the penalty charge notices for Lendal Bridge and Coppergate, it would not be possible to certify completion of the audit until the objection had been determined.

Members' attention was drawn to the following:

- The significant findings (Section 2 of the report)
- The internal control recommendations (Section 3 of the report)
- The summary of misstatements (Section 4 of the report). It was noted that none of the adjustments identified during the audit resulted in a change to the Council's underlying financial position.
- The Value for Money conclusions (Section 5 of the report), including the issues raised in respect of adult social care as set out in the report.

Referring to the paragraph in the report on Section 106 balances, clarification was sought as to the matters that were taken into account by the auditors when considering this issue. Details were given of the work that had taken place, including examining the recording of the Section 106 balances and plans for future spending. In response to questions, officers confirmed that the Section 106 funding was reflected in the ledger but that detailed spreadsheets were also in place for recording and monitoring purposes.

Officers were asked about the arrangements that were in place to invest Section 106 monies prior to them being utilised for specific schemes. Officers stated that the Section 106 monies were invested as part of the overall treasury management arrangements and were not invested separately.

At the request of Members, the auditors confirmed that they were satisfied with the accounting procedures that had been put in place in respect of Lendal Bridge and drew attention to paragraph 50 (Contingent Liabilities) of the Notes to the Core Financial Statements.

Resolved: That the report be noted.

Reason: To ensure that Members are aware of the audit conclusions.

29. **Update Report on Adult Social Care**

Members considered a report which provided an update on progress made by Adult Social Care against the ten recommendations designed by the External Auditors to assist the service to respond more effectively and quickly to the challenges posed by the continuing demographic growth and by financial constraints.

In response to questions, officers gave details of the financial implications following changes to the Council's Deprivation of Liberty Safeguard (DOLS) responsibilities.

Members noted the progress that had been made to date but agreed that they would wish a further update report to be presented to them.

Resolved: (i) That the report be noted.
(ii) That a further update be presented to the Committee at their meeting in February 2015¹.

Reason: To ensure that Members are satisfied with the progress that is being made in addressing the issues raised.

Action Required

1. Include in work plan

EA

30. **Key Corporate Risk Monitor 1**

Members considered a report which presented an update on the key corporate risks, and which highlighted in more detail any emerging risk issues with a view to Members considering any further information they would wish to receive on these matters.

It was noted that the Risk Monitor attached at annex A of the report was currently in draft form and was subject to change. The final version would be presented to the Committee at their meeting in February 2015.

Members were informed that details of training sessions on Risk Management would be forwarded to them.

Resolved: That the issues set out in the report and the risk register (Annex A of the report) be noted.

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

31. Internal Audit Follow Up Report

Members considered a report which set out the progress made by council departments in implementing actions agreed as part of internal audit work.

Resolved: That the progress made in implementing internal audit agreed actions, as detailed in paragraphs 5-9 of the report, be noted.

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

32. 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.

Members noted that work was on track to complete the plan within the specified timescale. Members were informed that the audit reports referred to in the report were available on the Council's website.

Officers responded to Members' questions in respect of the audit reports on Attendance Management and Apprenticeships.

Resolved: That the progress made in delivering the 2014/15 internal audit work programme, and the results of recent counter fraud activity be noted.

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

33. Updating the Constitution - Progress Report

Members considered a report which confirmed progress in respect of reviewing the Constitution. The review was on track to be completed during the current Municipal year.

Resolved: That the report be noted.

Reason: To monitor progress on the refresh of the Constitution.

Part B - Matters Referred to Council

34. Updating the Constitution - New Council Procedure Rules

Consideration was given to a report which asked Members to make recommendations to Council in respect of revised procedure rules for Full Council.

It was noted that the draft revised rules had been the subject of considerable consultation and sought to address issues including:

- A view that motions were not given sufficient priority and that time should be found within the agenda to allow for them to be debated
- A wish to reinvigorate the system of asking questions of Members
- Suggestions that the current process for dealing with petitions could be improved upon

Members were also asked to consider whether the rules detailed in paragraph 19 of the report should also apply to other bodies.

Members gave consideration to the draft revised procedure rules and put forward a number of changes to the wording.

Members also recommended that consideration be given to the following:

- As there is usually a ten minute break during the course of the meeting, para 11.1 should be amended to read *“All ordinary meetings (including Budget Council) will finish three hours and forty minutes after the start time of the*

meeting, unless extended by the agreement of the Council”

- para 15 to include “*Members will be permitted to speak for up to one minute to present a petition*”
- para 24.3 - guidance to be put in place to provide clarity regarding the negating of motions

- Recommend:
- (i) That the rules set out in the attached annex be adopted in place of the existing constitutional provisions.
 - (ii) That the rules set out in paragraph 19 of the report apply to Committees, Cabinet and other groups referred to in the Constitution.
 - (iii) That the recommendations in respect of paragraphs 11.1, 15 and 24.3 (as detailed above) be approved.

Reason: To ensure that the Council meetings operate effectively.

[Members agreed to adjourn the meeting at this point and reconvene on 2 October 2014 to enable time for full consideration on the remaining agenda item].

35. Arrangements for Petitions

[Reconvened meeting held on 2 October 2014]

Members considered a report that proposed new arrangements for handling petitions to Council.

Discussion took place regarding a proposal that petitions would be reported to a committee of the Council and that, at least initially, this should be the Corporate and Scrutiny Management Committee.

Members’ attention was drawn to paragraph 4 of the report which listed some exceptions. It was noted that these exceptions were in line with the existing criteria.

Members agreed that the current arrangements for dealing with petitions required improvement in order that petitioners were better informed as to the outcome of their petition.

Members suggested that, although in the longer term it may be necessary to establish a Petitions Committee, initially it would be appropriate for the terms of reference of the Corporate and Scrutiny Management Committee to be amended to incorporate this function on a pilot basis. Members also agreed that the arrangements for handling petitions should be better publicised on the Council's website.

Members supported the suggestion that had been put forward by the co-opted member that the arrangements should include notifying the petition organiser of how the petition was being handled. Members suggested that the timescale for responding to the petitioner should be five working days.

- Recommend:
- (i) That Council amends the terms of reference for the Corporate and Scrutiny Management Committee by adding:
"7. To receive details of petitions received by the Council in line with the Council's published arrangements and responses or proposed responses to those petitions. To consider using its powers as a scrutiny committee to support the Council in responding appropriately to issues raised by such petitions and, in doing so, to promote public engagement"
 - (ii) That, as part of the updating of the petitions scheme to reflect the changes detailed in the report, consideration be given to the inclusion of:
 - A requirement for the petitioner to be notified, within five working days, of how the petition was being handled.
 - A requirement for a report to be presented to Full Council detailing the petitions that had been considered by the committee and

the action that had been taken in response.

Reason: To ensure that the Council responds appropriately to petitions.

Councillor Potter, Chair

[The meeting started at 5.30 pm and finished at 9.00 pm on 24 September 2014. It was reconvened at 7.45pm on 2 October 2014 and finished at 8:10pm].