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MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	6 DECEMBER 2010
PRESENT	COUNCILLORS B WATSON (CHAIR), BROOKS (VICE-CHAIR), FIRTH, HYMAN, SCOTT AND GUNNELL
APOLOGIES	COUNCILLORS VASSIE

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**PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS.****39. DECLARATIONS OF INTEREST**

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda. None were declared.

**40. MINUTES**

RESOLVED: That the minutes of the Audit and Governance Committee meeting held on 29 September 2010 be approved and signed by the Chair as a correct record.

**41. PUBLIC PARTICIPATION**

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

**42. AUDIT & GOVERNANCE COMMITTEE FORWARD PLAN TO JULY 2011**

Members received a paper that presented the future plan of reports expected to be presented to the Committee to July 2011.

It was noted that the Committee had been due to receive a Data Quality Progress report at this meeting but this had been removed from the agenda with the agreement of the Chair, as the Audit Commission were no longer providing the formal report following the abolition of CAA.

Members queried whether the Audit Commission reports would continue to be brought to the Committee. Officers advised that they would and reported no other changes.

RESOLVED: (i) That the Committee's Forward Plan for the period up to July 2011 be noted.

- (ii) That the amendment to the Forward Plan, detailed in paragraph 3 of the report, be noted.

REASONS: (i) To ensure that the Committee receives regular reports in accordance with the functions of an effective audit committee.

- (ii) To ensure the Committee can seek assurances on any aspect of the council's internal control environment in accordance with its roles and responsibilities.

#### **43. ANNUAL AUDIT LETTER 2009/10 - AUDIT COMMISSION**

Members received a report that introduced the Annual Audit Letter 2009/10 (Annex A of the report) prepared by the Audit Commission together with the council's response.

It was noted that the Letter drew attention to some inconsistencies in terms of workforce planning and management. Officers reported that these issues would be addressed as part of the development of the centralised HR function.

Members were pleased to note that the Letter recognised improvements in a number of areas, as detailed in paragraph 5 of the report, and had made reference to the national award that Veritau had received for its shared service arrangements.

It was noted that the Annual Audit Letter would be considered by the Executive at their meeting in January 2011.

RESOLVED: (i) That the contents of the report and the Annual Letter (Annex A of the report) be noted.

- (ii) That officers be thanked and congratulated for the work that they had carried out and which had been recognised in the report.

REASON: To comply with the statutory requirements for the external audit of the council.

#### **44. KEY RISK UPDATE: FAIRNESS & INCLUSION AND YORK COMMUNITY STADIUM**

Members received a report that provided further information as requested by the Audit and Governance Committee at the meeting of 28 July 2010 in relation to Fairness and Inclusion, and 29 September 2010 in relation to the York Community Stadium.

(i) Fairness and Inclusion

Officers gave an update on fairness and inclusion issues, as detailed in Annex A of the report, and drew Members' attention to the six areas of action in the Fairness and Inclusion Strategy (FIS) and the Single Equality Scheme (SES) 2009-12. It was noted that the legislation in respect of fairness and inclusion was changing rapidly.

Members noted that a rolling programme of equality and diversity training for staff was in place, and that an equality and human rights pre-Council seminar had been arranged.

Discussion took place around the following issues:

- Corporate procurement
- Participation in civic life and measures to encourage community engagement
- The move to a new headquarters and the need to ensure that Equality Impact Assessments were carried out to ensure that the building met the needs of staff and visitors.
- Strategies to ensure that the council's workforce is more diverse. Members requested that a copy of the council's Workforce Strategy be forwarded to them.
- Monitoring of Equality Impact Assessments – it was noted that the action plans were available on-line.
- The work that was taking place at directorate level and the need to ensure that best practice was shared.
- The need to ensure that all staff recognised that fairness and inclusion was integral to the work that they were carrying out and that it was not just the responsibility of particular officers.
- The responsibilities of schools in respect of equalities and community cohesion.
- The use of peer assessment to check on the progress that was being made.

(ii) Community Stadium

Members questioned officers regarding the key risks in respect of the community stadium project, as detailed in Annex B1 of the report. Discussion took place around the following issues:

- The possibility of time delays and the cost of call-in or legal challenge
- Impact if the planning submission is delayed or the danger of planning permission being granted and the stadium not being delivered due to funding issues.
- The need to reach terms with the University regarding new shared provision for athletics provision.
- The implications for traffic and parking in the area
- Stadium operational revenue funding and the financial viability of the stadium users.

RESOLVED: (i) That the risks in relation to Fairness and Inclusion, as set out at Annex A of the report, be noted.

(ii) That the risks in relation to the Community Stadium, as set out at Annex B of the report, be noted.

REASON: To provide assurance that risks to the council are continuously reviewed and managed.

#### **45. INCOME POLICY**

Members received a report that presented the draft revised Income Policy. Members were invited to comment on the draft policy, which would then be forwarded for approval by Executive and Full Council. The purpose of the policy was to provide the guiding principles to be followed by the council to ensure consistent and best practice in generating and collecting income.

Members noted the comments that had been received from the Citizens Advice Bureau as part of the consultation process (detailed in paragraph 8 of the report).

Clarification was sought regarding specific provisions within the Local Government Act 2003 in respect of charging powers.

RESOLVED: That it be recommended to the Executive and Full Council that the revised Income Policy be approved.<sup>1</sup>

REASON: To provide an opportunity for the Audit and Governance Committee to express a view as to whether the draft Income Policy provides appropriate guidance in delivering value for money income arrangements across the organisation.

##### Action Required

1. That Officers note comments made by Members prior to referral to Executive. DW

#### **46. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) UPDATE**

Members received a report that provided an update on the progress being made to implement the statutory required changes in financial reporting from UK General Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS).

The report informed those responsible for governance arrangements of the transition to IFRS implementation and provided assurance that the process was being efficiently managed.

RESOLVED: That the Audit and Governance Committee note the progress detailed in the report and recognise the continuing work being undertaken for a smooth transition to IFRS.

REASON: To ensure that those responsible for governance arrangements are updated on a regular basis to ensure that the implementation of IFRS is proceeding in a timely manner for 30 June 2011 implementation.

**47. SCRUTINY OF TREASURY MANAGEMENT MONITOR 2 AND PRUDENTIAL INDICATORS 2010/11**

Members received a report that provided a review of treasury management activity for the first six months of 2010/11, highlighted the implications of the Comprehensive Spending Review (CSR) on treasury management and indicated the change in the treasury management strategy for the modification of the target borrowing rate from 4.5% to 5.5%.

It was noted that, in accordance with the requirements of the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance ("The Code"), the Audit and Governance Committee would be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Members' attention was drawn to paragraph 7h of the report which detailed how the Comprehensive Spending Review specifically affected Treasury Management in two areas.

RESOLVED: That the Treasury Management Monitor 2 and Prudential Indicators 10/11, as detailed in Appendix 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.

**48. UPDATED COUNCIL RESPONSE TO THE E-PETITIONS DUTY IN THE LOCAL DEMOCRACY, ECONOMIC DEVELOPMENT AND CONSTRUCTION ACT 2009**

[See also under Part B minutes]

Members received a report that provided an update on how the council intended to respond to the petitions duty in the Local Democracy, Economic Development & Construction Act 2009 (2009 Act), following recent changes introduced by the new Government.

Members recommended the following amendments to the scheme:

- Further consideration to be given as to whether people other than residents, would have the same rights in respect of petitions e.g. visitors to the city.
- Paragraph 3 under “How will the Council Respond” to read “If the petition is about something over which the council has no direct control e.g. the local railway or hospital, we *may* refer it to the council’s relevant partner organisation...”
- Paragraph 1 under “Securing a Full Council Debate” to read “*Where* a petition contains more than 750 signatures it will be debated by the full council. This means that the issue raised in the petition will be discussed at a meeting which all Councillors can attend *and vote.*”

The Head of Civic, Democratic and Legal Services suggested that the matter should be referred to the Council meeting scheduled for March, but advised that legislation may change again in the coming months and would be monitored accordingly.

RESOLVED: That Council be asked to consider the recommendations of the Audit and Governance Committee in respect of the Petitions Scheme, including the suggestion that the number of signatures be 750 rather than the 1000 suggested in the draft scheme.

REASON: In order to comply properly with the legal requirements for introducing this duty.

#### **49. CONSTITUTIONAL CHANGE TO DELEGATED POWERS OF EXECUTIVE MEMBER FOR LEISURE, CULTURE & SOCIAL INCLUSION**

Members received a report that detailed proposals for a slight change in responsibilities between the Executive Member for Neighbourhoods and Housing and the Executive Member for Leisure, Culture & Social Inclusion.

It was noted that, prior to Full Council taking a decision on this or any proposed constitutional change, the views of the Audit and Governance Committee were sought and their recommendation would be considered by Full Council.

Members commented that they did not understand how the neighbourhood management function would fit within the Leisure, Culture and Social Inclusion portfolio and felt that the decision should be made by Full Council.

RESOLVED: That the Audit and Governance Committee recommends that Council makes the decision on whether to transfer the neighbourhood management function to the Executive Member for Leisure, Culture and Social Inclusion. <sup>1</sup>

REASON: In order to comply with the requirements of the Constitution.

Action Required

1. Note Audit & Governance Committee's recommendation. AD

**50. PROTOCOL FOR LIAISON BETWEEN INTERNAL AND EXTERNAL AUDIT**

Members received a report that detailed the draft protocol for future internal and external audit working arrangements. The report also sought approval for some minor changes to the existing Internal Audit Terms of Reference.

Officers outlined the report and advised that the main changes were to job titles following recent organisational change at the Council.

Members approved the recommendations.

RESOLVED: (i) That the draft protocol for liaison between internal and external audit be noted.

(ii) That the proposed changes to the Internal Audit Terms of Reference (as detailed in Annex 2 of the report) be approved.

REASONS: (i) To enable Members to assess the arrangements for coordinating the work of external and internal audit.

(ii) To ensure that the council continues to comply with the CIPFA Code of Practice for Internal Audit.

**51. AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE MID-TERM MONITOR**

Members received a report that provided an update on progress made in delivering the internal audit workplan for 2010/11 and on current counter fraud and information governance activity.

Officers outlined the report and Members queried the following:

- Freedom of information requests, in particular how many were made by the press and how many were made by members of the public. Officers advised that the press accounted for a significant proportion of requests.

Members approved the recommendations.

RESOLVED: (i) That the progress made in delivering the 2010/11 internal audit work programme, and current counter fraud and information governance activity be noted.

- (ii) That the variations to the 2010/11 audit plan, as set out in Annex 2 of the report, be noted.

REASONS: (i) To enable Members to consider the implications of audit and fraud findings.

- (ii) To enable Members to consider the delivery of the internal audit plan.

## **52. SUMMARY OF AUDIT COMMISSION NATIONAL REPORTS**

Members received a report that gave an overview of national reports produced by the Audit Commission, for the period July 2010 to 31 October 2010.

Consideration was given to the information on financial management of personal budgets (published October 2010). Members requested that an update on this issue be presented to them in six months time and that this be included as an item on the committee's workplan.

RESOLVED: That the report be noted.

REASON: To ensure that the council can benchmark, learn from and meet best practice requirements derived from external audit national activity and enhance its governance frameworks as a result.

## **PART B - MATTERS REFERRED TO COUNCIL.**

### **53. UPDATED COUNCIL RESPONSE TO THE EPETITIONS DUTY IN THE LOCAL DEMOCRACY, ECONOMIC DEVELOPMENT AND CONSTRUCTION ACT.**

[See also under Part A Minutes].

Members received a report that provided an update on how the council intended to respond to the petitions duty in the Local Democracy, Economic Development & Construction Act 2009 (2009 Act), following recent changes introduced by the new Government.

Members recommended the following amendments to the scheme:

- Further consideration to be given as to whether people other than residents, would have the same rights in respect of petitions e.g. visitors to the city.
- Paragraph 3 under "How will the Council Respond" to read "If the petition is about something over which the council has no direct control e.g. the local railway or hospital, we *may* refer it to the council's relevant partner organisation..."



- Paragraph 1 under “Securing a Full Council Debate” to read “*Where* a petition contains more than 750 signatures it will be debated by the full council. This means that the issue raised in the petition will be discussed at a meeting which all Councillors can attend *and vote.*”

The Head of Civic, Democratic and Legal Services suggested that the matter should be referred to the Council meeting scheduled for March, but advised that legislation may change again in the coming months and would be monitored accordingly.

RESOLVED: That Council be asked to consider the recommendations of the Audit and Governance Committee in respect of the Petitions Scheme, including the suggestion that the number of signatures be 750 rather than the 1000 suggested in the draft scheme.

REASON: In order to comply properly with the legal requirements for introducing this duty.

Councillor B Watson, Chair

[The meeting started at 5.30 pm and finished at 7.50 pm].