
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	26 JULY 2011
PRESENT	COUNCILLORS JEFFRIES (CHAIR), BARNES, BROOKS (VICE-CHAIR), BURTON, CUTHBERTSON, STEWARD AND SIMPSON-LAING (SUBSTITUTE)
APOLOGIES	COUNCILLORS WATSON

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS.**10. DECLARATIONS OF INTEREST**

At this point in the meeting Members are asked to declare any personal or prejudicial interests they may have in the business on the agenda.

Councillor Barnes declared a personal non-prejudicial interest as a Trustee of York Museums Trust.

Councillor Jeffries declared a personal non-prejudicial interest as the co-chair of the Independent Living Network.

Councillor Brooks declared a personal non-prejudicial interest as a member of the teachers pension scheme.

Councillors Simpson Laing declared a personal non prejudicial interest due to her involvement with Relate and Unison.

Councillor Burton declared a personal non-prejudicial interest as a member of Unison.

11. EXCLUSION OF PRESS AND PUBLIC**RESOLVED:**

That the press and public be excluded from the meeting during consideration of Annex E to Agenda Item 9 on the grounds that it contains information relating to negotiations in connection with a labour relations matter arising between the authority and

employees of the authority. This information is classed as exempt under paragraph 4 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006). Also Annex 1 to agenda item 13. This information is classed as exempt under paragraphs 4 and 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

12. MINUTES

RESOLVED: That the minutes of the meeting held on 28 June 2011, be approved and signed by the Chair as a correct record.

13. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak under the Council's Public Participation Scheme.

14. FORWARD PLAN

Members considered a paper that detailed the future plan of reports to be presented to the Committee during the forthcoming year to June 2012. Members were invited to identify further items they wished to add to the plan.

Officers advised that there was an amendment to the plan and that a report on the Review of the Effectiveness of the Audit and Governance Committee would be added to the meeting in April 2012.

Members queried the meeting date in September as there was some confusion over the date and time. The Democratic Services Officer confirmed that a further email would be sent to Members as a meeting date had yet to be agreed to consider the final draft statement of accounts before the 30th September.

RESOLVED: That the Committees Forward Plan for the period up to June 2012 be noted.

REASON: To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee

15. AUDIT COMMISSION AUDIT PROGRESS REPORT 2010-11

Members received a report that advised on the progress in delivering the 2010/11 Audit Plan from the Council's external auditor, the Audit Commission, including any requirements from those 'charged with governance' (The Audit and Governance Committee in City of York Council). The report also looked at 2011/12 audit fees and other developments including recent national activity.

A representative from the Audit Commission outlined the progress report. Some Members had queries that they said they would follow up outside of the meeting.

RESOLVED: That Members considered the content of the progress report and noted the content and matters arising.

REASON: To ensure the Committee is fully aware of the current activity of the external auditors and any issues that could affect the Council's system of internal control.

16. DRAFT STATEMENT OF ACCOUNTS 2010-11

Members received a report which, in accordance with the Chartered Institute of Public Finance and Accountancy, presented the draft pre-audit Statement of Accounts to Members.

Officers outlined the report and Members' attention was drawn to the following significant issues:

- The production and publication of the Statement of Accounts is a statutory requirement that provides Members and interested parties with the chance to see the full financial position of the Council.
- 2010/11 is the first year which the accounts have been produced under International Financial Reporting Standards (IFRS).
- The table at paragraph 9 outlined significant IFRS changes.

Members queried the use of brackets in the accounts. Officers advised that it is consistent with other Local Authorities, but not the private sector.

RESOLVED: (i) That the Audit and Governance Committee noted the draft pre-audit Statement of Accounts for the financial year ended 31 March 2011.

(ii) That the Audit and Governance Committee noted the annual governance statement.

REASON: It is a statutory requirement that a committee of the Council or Full Council approves the Statement of Accounts for 2010/11 by 30th September 2011 and that prior to the final audit it is good practice for Members to review the pre-audit Statement of Accounts.

17. DRAFT ANNUAL GOVERNANCE STATEMENT 2010-11

Members considered a report which presented to them the Annual Governance Statement (AGS) 2010/11 for approval. The AGS was attached at Annex A and had been agreed by the Leader of the Council and the Chief Executive. A signed version will accompany the Statement of Accounts 2010/11.

Officers outlined the report and advised that it is a statutory requirement for the Council to publish the Annual Governance Statement.

RESOLVED: That Members considered and approved the Annual Governance Statement 2010/11, including the significant governance issues identified in Section 5 of the Statement.

REASON: To enable Members to consider the effectiveness of the Council's governance framework and in particular the significant control issues.

18. RISK MANAGEMENT QUARTER 1 MONITOR

Members considered a report which presented to them the position of the risks associated with the Key Corporate Risks (KCRs) as at the end of June 2011. The report also proposed changes to the way in which risks are reported in the future.

Officers outlined the report and advised that in future they propose a change to allow each Directorate to present its own risks to the Audit and Governance Committee on a rolling basis, whilst still providing the Committee with a cover report highlighting key risks.

Members commented that it would be useful to have the opportunity to question officers and that the proposal appeared sensible.

- RESOLVED:(i) That Members considered and approved the change to risk reporting as set out at paragraph 3-6 of the report.
- (ii) That in response to Officers suggestion of the Committee receiving the risk monitor report bi-annually, Members advised that they wish to continue receiving the risk monitor on a quarterly basis.

- (iii) That Members considered and noted the risks set out at paragraph 7 and annexes A-E of the report.

REASONS: (i) To provide a more meaningful risk reporting process which better engages the directorates in their own risk issues.

- (ii) To provide an option to Audit and Governance Committee on the frequency that they would like risks reported.

- (iii) To provide assurance that risks to the Council are continuously reviewed and updated.

19. SCRUTINY OF THE TREASURY MANAGEMENT ANNUAL REPORT 2010-11 AND REVIEW OF PRUDENTIAL INDICATORS

Members considered a report which enables Members of Audit and Governance to scrutinise the 'Treasury Management Annual Report and Review of Prudential Indicators 2010/11' in accordance with the requirements of the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance ("the Code").

Members considered the report and had a brief discussion regarding the Council's Investment Policy, in particular the security of investments.

RESOLVED: That Audit and Governance Committee noted the Treasury Management Annual Report 2009/10 & Review of Prudential Indicators at Appendix A to the report.

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.

PART B - MATTERS REFERRED TO COUNCIL.

20. CONSTITUTIONAL CHANGES.

Members considered a report which proposed constitutional changes relating to the Council Procedure Rules to Financial regulations and to various protocols which are in the Constitution.

The Monitoring Officer outlined the report and asked the Audit and Governance Committee for their views prior to the changes being presented to Council.

Some Members expressed concern over the wording in paragraph 2.1 of the report which suggested that all Group Leaders had agreed to amend the rule to allow 4 rather than 5 motions to be routinely presented to Council. Certain Members felt that the blanket statement 'the mechanism has been agreed' was not entirely true but were happy to agree the recommendation.

- RECOMMENDED:
- (i) That Council amend the Council procedure rules to allow for four rather than five motions to be routinely presented to Council.
 - (ii) That Council remove the following protocols and policies from the Constitution:
 - Protocol on report writing
 - Electronic Communications policy
 - Whistle blowing policy
 - Protocol on Councillor Working Groups.
 - Anti Money Laundering Guidance.
 - (iii) That Council increase the Chief Finance Officer's authority to write off

debts to sums up to and including
£30,000.

REASON: To ensure that the Constitution remains
up to date and fit for purpose.

Councillor Jeffries, Chair
[The meeting started at 5.30 pm and finished at 6.45 pm].