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MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	29 SEPTEMBER 2011
PRESENT	COUNCILLORS JEFFRIES (CHAIR), BARNES, BROOKS (VICE-CHAIR), BURTON, CUTHBERTSON, WATSON AND STEWARD CRISP (IN ATTENDANCE)

## **21. DECLARATIONS OF INTEREST**

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

Councillor Brooks declared a personal non prejudicial interest as a member of the Teachers Pension Scheme.

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

## **22. MINUTES**

RESOLVED: That the minutes of the Audit and Governance meeting held on 26 July 2011 be approved and signed by the Chair.

## **23. PUBLIC PARTICIPATION**

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

## **24. FORWARD PLAN.**

Members considered a report which presented the future plan of reports expected to be presented to the Committee during the forthcoming year to July 2012.

Officers reported that there had been no amendments to the Forward Plan since the previous version had been presented to the Committee in July 2011.

Members queried if any training sessions had been planned for the Committee. Officers confirmed that they are intending to hold a training session in November and requested that Democratic Services look into Members availability.

RESOLVED: (i) That the Committee's Forward Plan for the period up to July 2012 be noted.

(ii) That Members identified no further items for the forward plan.

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

## **25. FINAL STATEMENT OF ACCOUNTS 2010/11.**

Members considered a report which brought to their attention the revised and final set of Accounts for 2010/11. The accounts reflected changes that had been made since the draft pre-audit accounts were presented to the Audit and Governance Committee for review in line with CIPFA best practice.

The Statement of Accounts were attached at Annex A and Officers advised that the 4 core statements had been adjusted which resulted in the notes attached to the accounts also being adjusted. Members noted that the changes had no effect on the budget outturn position of the Council.

RESOLVED: That Members noted the Final Statement of Accounts for 2010/11 in order that they can receive the Annual Governance Report of the Audit Commission that was agenda item 6 on the agenda.

REASON: It is a statutory requirement that a committee of the Council or Full Council approves the Statement of Accounts for 2010/11 by 30<sup>th</sup> September 2011.

## 26. ANNUAL GOVERNANCE REPORT 2010/11.

Members considered a report that brought to their attention the Audit Commission's Annual Governance Report (Annex A to the report). Representatives from the Audit Commission went through the key issues.

Members were asked to agree the letter of representation and to approve changes to the 2010/11 Financial Statements.

The Auditors drew Members attention to the following three issues regarding the quality of the financial statements:

- The statements contained errors, although Officers had identified a number of amendments themselves.
- The implementation of International Financial Reporting Standards (IFRS) and Code requirements had caused increased pressure for Officers.
- Meeting the submission deadline for the Whole Government Accounts work had been challenging.

Members referred to page 12 of the Governance Report and to the fact that the central partnership team had recently been wound up and raised concerns about how the Council would continue ensure that it is receiving value for money from partnerships. Members requested further information on the outcome and achievements of partnerships.

RESOLVED: (i) That the Annual Governance Report be noted.

(ii) That in respect of the items identified as material misstatements on pages 5 and 6 of the Annual Governance Report at Annex A (Errors in financial statements) the Statement of Accounts 2010/11 be amended for those items.

(iii) That in respect of the items identified on page 6 of the Annual Governance Report, at Annex A, (Errors and uncertainties not adjusted), the Statement of Accounts not be amended for those items.

- (iv) That subject to the agreed amendments, the Statement of Accounts 2010/11 be approved.
- (v) That the letter of representation be approved and signed by the Chair.
- (vi) That the anticipated receipt of an unqualified Audit Opinion to both the Statement of Accounts 2010/11 and the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources be noted.
- (vii) Officers to provide Members with further information on the outcomes of partnerships.<sup>1</sup>

- 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) To ensure compliance with International Auditing Standards and relevant legislative requirements.
  - (iii) To ensure Members of the Audit and Governance Committee are aware of any matters arising from the annual audit of the Statement of Accounts.

Action Required

1. Provide Members with requested information.

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**27. ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE.**

Members considered a report which sought their views on the draft annual report of the Audit and Governance Committee for the year ending 30 September 2011, prior to its submission to Full Council. The report also presented a draft assurance statement which the Committee has been requested to provide to the Council's external auditors, the Audit Commission.

Members commented that they were happy with the contents of the report.

- RESOLVED: (i) That Members considered the report and commented as above.
- (ii) That Members approved the wording of the assurance statement to the external auditor from 'those charged with governance' and confirm the statement can be signed on behalf of the Audit and Governance Committee by the Chair.

REASON: To enable the Committee to fulfil its role in providing assurance about the adequacy of the Council's internal control environment and arrangements for managing risk and for reporting on financial and other performance.

## **28. KEY CORPORATE RISK MONITOR 2.**

Members considered a report which presented to them an overview of the risks associated with the Councils Key Corporate Risks (KCR's) as at the end of August 2011.

Officers were asked why some corporate risks, such as the Fairness and Inclusion risk appear very broad where as others are more specific. They explained that some risks are more wide ranging and are continuously monitored and in order to be improved upon.

- RESOLVED: (i) That Members considered and noted the key corporate risks set out at paragraphs 5 and 6 respectively.
- (ii) That Members considered the directorate risks for CBSS and OCE set out at Annex A and B respectively.

- REASONS: (i) To provide assurance that risks to the council are continuously reviewed and updated.
- (ii) To provide assurance that risks to the Council are continuously reviewed and managed at directorate level.

**29. FOLLOW UP OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS.**

Members considered a report which gave the regular six monthly update to the Committee. The report set out progress made by Council departments in implementing agreed actions as part of internal audit work.

Officers responded to Members queries in respect of actions outlined in paragraph 9 that had no suitable action taken.

Officers agreed to provide more information in future reports regarding future trends on implementing agreed actions as a result of audit work.

RESOLVED: That Members of the Audit and Governance Committee were asked to:

- (i) Consider the progress made in implementing internal audit agreed actions as reported in paragraphs 5 to 10.
- (ii) Note that changes will be made in the escalation procedure in agreement with the Assistant Director, Financial Services.

REASON: To enable Members to fulfil their role in providing independent assurance on the councils control environment.

**30. AUDIT, COUNTER FRAUD AND INFORMATION GOVERNANCE MONITORING REPORT.**

Members considered a report that set out the progress made in delivering the internal audit work plan for 2011/12 and on current counter fraud and information governance activity.

RESOLVED: (i) That Members noted the progress made in delivering the 2011/12 internal audit work programme and current counter fraud and information governance activity.

(ii) That Members noted the variations to the 2011/12 audit plan as set out in annex 2 to the report.

REASON: (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.

Councillor Jeffries, Chair

[The meeting started at 2.00 pm and finished at 3.30 pm].