

---

MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	25 JULY 2012
PRESENT	COUNCILLORS CUNNINGHAM-CROSS (CHAIR), BARNES, BROOKS (VICE-CHAIR), BURTON, CUTHBERTSON, WATSON AND STEWARD

---

## **9. 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 Barnes declared a personal non-prejudicial interest in agenda item 5 (minute 13 refers) – Draft Statement of Accounts 2011/12, as a Trustee of York Museums Trust. Councillor Cunningham-Cross declared a personal non-prejudicial interest in agenda item 7 (minute 15 refers) – Key Corporate Risk Monitor, as a parent whose child would require a school place in the future.

## **10. MINUTES**

RESOLVED: That the minutes of the meeting held on 28 June 2012 be approved and signed by the Chair as a correct record.

## **11. PUBLIC PARTICIPATION**

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

## **12. 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 June 2013.

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

Members, referring to a decision made at a previous meeting, expressed concern that no progress had been made in appointing an independent person to serve on the committee. It was agreed that an item should be included on the agenda for the next meeting to enable the committee to nominate a representative, with a view to an appointment being made at the Full Council meeting on 11 October 2012.

**RESOLVED:** That, subject to the inclusion of the item detailed above, the Committee's work plan for the period to June 2013 be approved<sup>1</sup>.

**REASON:** To ensure that 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.

Action Required

1. Update committee's work plan

EA

**13. DRAFT STATEMENT OF ACCOUNTS 2011/12**

Members received a report that set out the background for the requirement for Members to review the draft pre-audit Statement of Accounts. The Annual Financial Report, which included the draft pre-audit Statement of Accounts was included as Annex B to the report.

Officers gave a presentation on the accounts.

Officers drew attention to the main changes that had occurred to the accounts in 2011/12, as outlined in paragraph 7 of the report. Members asked about the introduction of Heritage Assets, including the process that would have to be followed in the event of any such asset being sold. Officers explained the process and confirmed that the new arrangements would make the disposal of a heritage asset more difficult and that they would have to be valued prior to disposal.

At the request of Members, officers gave details of the arrangements that were in place to ensure that the best possible borrowing rates were obtained. In the case of the HRA housing stock, specific provision had been made.

The District Auditor gave a verbal update on the arrangements for external audit provision that would come into place from 1 November 2012 when the contract with Mazars would take effect. The contract was initially for a five year period. At the request of Members, details were given of the arrangements that would be in place to ensure that the quality of the service was monitored and that audit processes met required standards.

- RESOLVED:
- (i) That the draft pre-audit Statement of Accounts for the financial year ended 31 March 2012 be noted.
  - (ii) That the Annual Governance Statement be noted.

REASON: It is a statutory requirement that a committee of the Council or Full Council approves the Statement of Accounts for 2011/12 by 30 September 2012 and that prior to the final audit it is good practice for Members to review the pre-audit Statement of Accounts.

**14. SCRUTINY OF THE TREASURY MANAGEMENT ANNUAL REPORT 2011/12**

Members received a report that asked them to scrutinise the “Treasury Management Annual Report and Review of Prudential Indicators 2011/12” 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”).

RESOLVED: That the Treasury Management Annual Report 2011/12 and Review of Prudential Indicators 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.

## 15. KEY CORPORATE RISK MONITOR QUARTER 1

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

The report focused on the risks associated with the changes to Council Tax Support. Members questioned officers about the impact that the changes were likely to have on collection rates. Officers confirmed that it was anticipated that collection rates would not be as high as previously, although it was difficult to accurately predict by how much.

Consideration was given to the Directorate Risks in respect of the Office of the Chief Executive and the Adults, Children and Education Directorate. These were detailed in Annexes A and B of the report. Officers were in attendance to answer Members' questions.

Some concerns were expressed that the risks that had been identified were very broad and that more specific and detailed information should be provided. Officers confirmed that more detailed plans were in place in respect of the risks that had been identified, for example each strand of the Council Plan had its own a delivery plan. The format that had been presented was, however, helpful in identifying whether sufficient mitigating measures were in place.

Members questioned officers on the following issues:

- The arrangements that were in place to monitor progress, including a red, amber, green rating system.
- The development of more common approaches to data collection and performance monitoring, including the work of the Intelligence team.
- The situation in respect of the government policy on academies and the impact that this could have on the council's budget.
- The demands of an ageing population in terms of care requirements. It was noted that consideration was being given to new forms of collaboration and more preventative support. The implications of "Fair Price for Care" were also noted. Members commented that it was important that the increasing social care support costs were designated as a key corporate risk.

- The need to ensure that corporate parenting arrangements were appropriately monitored, including the role of Members.
- The implications of the “Care and Support” White Paper.
- The pressures on school places in some parts of the city and the need to ensure that a robust School Organisation Plan was in place and that some of the accommodation that had previously not been required as classrooms was brought back into use for this purpose.

It was noted that Members had not received the information on High and Critical Key Corporate Risks (KCRs) referred to paragraph 2 of the report. It was agreed that this would be circulated to Members by email following the meeting.

Members noted that the council had been offered the opportunity to work in partnership with Zurich Municipal to take a fresh approach to the identification and analysis of the critical risks and opportunities currently facing the authority. This had been undertaken in many other local authorities and would be free of charge.

- RESOLVED:
- (i) That the risks regarding the changes to council tax support, as detailed in paragraphs 6 to 14 of the report, be noted.
  - (ii) That the committee noted the proposed opportunity to work with Zurich to refresh the key risks facing the authority.
  - (iii) That the directorate risk reporting agenda, as set out in paragraph 20 of the report be approved.

- REASONS:
- (i) To provide assurance that the authority is effectively understanding and managing its key risks.
  - (ii) To provide assurance that risks to the council are continuously reviewed and updated.

- (iii) To ensure that directorates bring forward updated risk reports providing assurance that risk is being properly managed through 2012/13.

Councillor Cunningham-Cross, Chair

[The meeting started at 5.00 pm and finished at 6.15 pm].