

Meeting	Audit & Governance Committee
Date	9 July 2013
Present	Councillors Potter (Chair), Ayre, Barnes, Burton, Watson and Steward (Substitute for Councillor Brooks)
Apologies	Councillors Brooks and Wiseman

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS

1. 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 Potter declared a personal interest as a member of the Loans and Grants Scrutiny Review Task Group and Councillor Burton declared a personal interest as a member of the External Funding Scrutiny Review Task Group. The task groups were referred to in agenda item 7 (Draft Annual Governance Statement).

2. MINUTES

RESOLVED: That the minutes of the meeting of 17 April 2013 be approved and signed by the Chair as a correct record.

3. PUBLIC PARTICIPATION

It was reported that there was one registration to speak under the Council's Public Participation Scheme. Ms Swinburn stated that she was pleased to note the reference in the Draft annual Governance Statement to the Committee's role in respect of democratic governance but, as there was no detail as to the proposed work, this meant that she was unable to comment. Ms Swinburn stated that she wanted to work in a collaborative

way with the Council to improve democratic governance in the city. One of the ways in which this could be done was by involving citizens at an early stage.

4. AUDIT AND GOVERNANCE COMMITTEE FORWARD PLAN TO APRIL 2014

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 April 2014.

Members were asked to identify any further items they wished to add to the Forward Plan. Members agreed that when consideration was given to Annual Governance Statement, it would be appropriate to update the Committee's Forward Plan to reflect the proposed actions within the Statement.

Clarification was sought as to the timescale within which the Council's Constitution would be updated. Officers stated that an updated version of the Constitution would be available in the near future. It was, however, intended to carry out a full redrafting of the Constitution commencing in the Autumn. The Audit and Governance Committee would be involved in this process.

- RESOLVED:
- (i) That the Committee's Forward Plan for the period up to April 2014 be noted.
 - (ii) That the Forward Plan be further updated to reflect the Annual Governance Statement (minute 7 refers).

- REASONS:
- (i) To ensure 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.

5. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

Members considered a report that advised them of the process and the outcomes of the 2012/13 review of the effectiveness of the Council's internal audit arrangements.

RESOLVED: That the results of the annual review of the effectiveness of internal audit be noted.

REASON: To enable Members to consider the overall adequacy and effectiveness of the Council's control environment. To ensure that the Council complies with its statutory responsibilities.

6. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT

Members considered a report that summarised the outcome of audit and fraud work undertaken in 2012/13 and which provided an opinion on the overall adequacy and effectiveness of the Council's internal control arrangements.

Clarification was sought as to why issues identified in the report in respect of Adult Social Care budgetary control had not been referred to in the Annual Governance Statement. Officers explained that although not included in the statement, work was ongoing to address this issue, including the commissioning of Mazars to carry out a review of processes. It was noted that Members had opportunities to monitor progress, for example as part of the consideration of the finance and performance monitoring reports that were presented to scrutiny committees and through the reports on risk management that were presented to the Audit and Governance Committee on a regular basis.

RESOLVED:

- (i) That the results of audit and counter fraud work undertaken in 2012/13 be noted.
- (ii) That the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's internal control environment be accepted.

(iii) That the significant control weaknesses identified during the year which are relevant to the preparation of the Annual Governance Statement be noted.

- REASONS:
- (i) To enable Members to consider the implications of audit and counter fraud findings.
 - (ii) To enable Members to consider the opinion of the Head of Internal Audit.
 - (iii) To enable the Annual Governance Statement to be prepared.

7. DRAFT ANNUAL GOVERNANCE STATEMENT

Members considered a report that presented the draft Annual Governance Statement 2012/13 for approval.

Members noted the significant governance issues that had been identified and the proposed role of the committee in respect of the following:

- Embedding of project and programme management – a future agenda item for the committee.
- Information Governance, including compliance with the requirements of the Information Governance Strategic Framework, including that information security requirements are adhered to – a six monthly report on information governance to be presented to the Committee.
- A refocus on business continuity, in particular a focus on the Council move to West Offices – a future agenda item.
- Partnership governance, including the shared use of resources and grant funding arrangements – await the outcome of the scrutiny review that was currently taking place on this issue before determining actions required by the Audit and Governance Committee.
- Democratic governance – A number of reports relating to democratic governance would be presented to the committee during the year. Issues for consideration would include:

- Involving the Committee in the redrafting of the Constitution and consideration as to how it could be made more accessible
- How Council meetings operate
- Scrutiny processes
- Petitions Scheme
- Transparency in decision-making
- Freedom of Information Processes – the Council was receiving an increasing number of Freedom of Information requests, many of which were complex in nature. At times there had been delays in responding and therefore there was a planned internal audit review of systems and processes. The Committee would be asked to consider any findings associated with this review. Members suggested that it would be helpful if the report included comparative data with other authorities.

- RESOLVED:
- (i) That the Annual Governance Statement 2012/13 be approved.
 - (ii) That the Committee's work plan be updated to reflect the Committee's role in addressing the significant governance issues as outlined above.

- REASON:
- (i) To enable Members to consider the effectiveness of the Council's governance framework, and in particular the significant control issues.
 - (ii) To ensure that due consideration is given to the governance issues identified in the Annual Governance Statement.

8. **REVIEW OF THE TERMS OF REFERENCE OF THE AUDIT AND GOVERNANCE COMMITTEE**

[see also Part B minute]

Consideration was given to proposed changes to the terms of reference of the Audit and Governance Committee.

The proposed changes were detailed in Annex 2 of the report.

RESOLVED: That it be recommended to Council that the proposed changes to the terms of reference for the Audit and Governance Committee be approved.

REASON: To ensure that the Audit and Governance Committee continues to operate effectively and in accordance with recommended best practice.

9. REVIEW OF THE COUNCIL'S SCRUTINY ARRANGEMENTS

Members considered a report that provided information about the Council's scrutiny arrangements.

At Members' request officers explained the resourcing that was in place in respect of scrutiny, including staffing arrangements and the role played by designated lead officers.

Members commented on the need to develop pre-decision scrutiny and provide greater opportunities for input into policies before they were finalised. Members also suggested that the arrangements in respect of call-ins should be given further consideration.

RESOLVED: That the report be noted.

REASON: So that the Committee is well informed when considering the Annual Governance Statement.

10. AUDIT PROGRESS REPORT 2013-14

Members considered a report from Mazars – the Council's external auditors. The report detailed progress in delivering their responsibilities as auditors.

Members were pleased to note that good progress had been made to date on the 2012/13 audit. The work had not identified any significant weaknesses except in relation to reconciliations. These were currently completed on an annual basis, as part of preparing the year end accounts, whereas good practice recommended that they be completed monthly or at least on a quarterly basis. Mazars were, however, satisfied that the

compensatory controls that were in place adequately mitigated the perceived risk.

RESOLVED: That the matters set out in the progress report presented by Mazars be noted.

REASON: To ensure Members are aware of Mazars progress in delivering their responsibilities as external auditors.

11. **APPOINTMENT OF INDEPENDENT MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE**

[see also Part B minute]

The Chair gave a verbal update on the appointment of an Independent Member to the Audit and Governance Committee. She reported on the selection process that had taken place. Two applicants had been interviewed by the Chair, Vice-Chair and an officer. It was their unanimous recommendation that Mr Martin Whitely be appointed as an Independent Member of the Audit and Governance Committee.

RESOLVED: (i) That it be recommended to Council that Mr Martin Whiteley be appointed as an Independent Member of the Audit and Governance Committee.

(ii) That it be recommended to Council that this be a two-year term of office.

REASON: To enable the Audit and Governance Committee to benefit from the skills and experience offered by an Independent Member.

PART B - MATTERS REFERRED TO COUNCIL

12. REVIEW OF THE TERMS OF REFERENCE OF THE AUDIT AND GOVERNANCE COMMITTEE

[see also Part A minute]

Consideration was given to proposed changes to the terms of reference of the Audit and Governance Committee.

The proposed changes were detailed in Annex 2 of the report.

RECOMMENDED: That the revised terms of reference for the Audit and Governance Committee be approved.

REASON: To ensure that the Audit and Governance Committee continues to operate effectively and in accordance with recommended best practice.

13. APPOINTMENT OF INDEPENDENT MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE

[see also Part A minute]

The Chair gave a verbal update on the appointment of an Independent Member to the Audit and Governance Committee. She reported on the selection process that had taken place. Two applicants had been interviewed by the Chair, Vice-Chair and an officer. It was their unanimous recommendation that Mr Martin Whitely be appointed as an Independent Member of the Audit and Governance Committee.

RECOMMENDED: (i) Mr Martin Whiteley be appointed as an Independent Member of the Audit and Governance Committee.
(ii) That this be a two-year term of office.

REASON: To enable the Audit and Governance

Committee to benefit from the skills and experience offered by an Independent Member.

Councillor Potter, Chair

[The meeting started at 5.00 pm and finished at 6.50 pm].