

Meeting	Audit & Governance Committee
Date	24 June 2015
Present	Councillors N Barnes (Chair), Dew (Vice-Chair), Kramm, Lisle, Fenton, Gunnell <i>and Cuthbertson [as amended at meeting of 29 July 2015]</i> and Mr Mendus and Mr Bateman
Apologies	Councillor Cullwick

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### 1. **Welcome**

The Chair welcomed new Members to the committee and thanked Mr Bateman and Mr Mendus for serving on the committee as independent members.

### 2. **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 the business on the agenda. None were declared.

### 3. **Minutes**

Resolved: That the minutes of the meeting of 25 March 2015 be approved and signed as a correct record.

### 4. **Public Participation**

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

### 5. **Audit and Governance Committee Forward Plan**

Members considered a paper which presented the future plan of reports expected to be presented to the committee during the forthcoming year to February 2016.

Members were asked to identify any further items they wished to see added to the Forward Plan. The Chair stated that, as the new administration was intending to make changes to the decision-making arrangements, he had requested that the proposals be brought to the committee for consideration.

Resolved: That the committee's Forward Plan for the period to February 2016 be approved.

Reason: To ensure 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 in accordance with its roles and responsibilities.

## **6. Annual Report of Audit and Governance Committee**

Members considered the draft Annual Report of the Audit and Governance Committee for the year ended 25 March 2015, prior to its submission to Full Council.

Resolved: That the Annual Report of the Audit and Governance Committee be approved for submission to Full Council.

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.

## **7. Annual Governance Statement 2014/15**

Members considered a report which presented the draft Annual Governance Statement 2014/15.

It was noted that the Annual Governance Statement continued to form part of the Statement of Accounts, however, it was now considered as an accompanying document rather than a core statement. The Draft Statement of Accounts would be approved by the S151 Officer by 30 June 2015 and would be reviewed by the Audit and Governance Committee at its meeting in July 2015.

Consideration was given to the Annual Governance Statement, particularly the significant governance issues identified in section 5 of the Statement. These would be the major areas of focus for the committee for the next year.

Members questioned officers on the action that was being taken to address risks associated with information security. Officers gave details of some of the measures that were being put in place including inviting the Information Commissioner's Office to carry out an audit, the findings of which would be reported to the committee.

At the request of Members, officers explained why it had been considered that improvements were necessary to clarify the respective roles of Scrutiny/Executive/Audit and Governance Committee in managing the risks and governance issues, and monitoring progress of major projects.

Members sought clarification as to why partnership governance and adult social care were no longer considered to be a major concern. Officers gave details of the actions that had been taken to address the risks, including the putting in place of a partnership protocol and implementing External Audit recommendations in respect of adult social care. Whilst financial challenges remained concerning adult social care, these were issues for the Executive to consider.

Members were informed that they were welcome to contact the Director of Customer and Business Support Services if they had further comments on the Annual Governance Statement. The final version of the statement would be presented to the committee.

Resolved: That the Annual Governance Statement 2014/15 be approved in principle.

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

## **8. Mazars Audit Progress Report**

Members considered a report which updated them on progress made by Mazars in meeting its responsibilities as external

auditor. The report also included key emerging national issues and developments.

Members were updated on the situation in respect of the outstanding objection to the 2013/14 accounts. Mazars were due to determine the objection over the summer.

Members were informed that the 2014/15 audit work was continuing to progress well and that the interim work on financial systems had been successfully completed.

Details were given of updated guidance that had been issued in respect of the Value for Money conclusion and how this criterion would inform Mazars' conclusion.

Members were informed of proposals for a Yorkshire and Humber Governance Forum which was to be established with the aim of promoting good governance and sharing good practice.

Members' attention was drawn to emerging issues and developments, including changes in accounting for transport infrastructure.

Resolved: That the report be noted.

Reason: To ensure that Members are kept updated on the work of the external auditors and key emerging national issues and developments.

## **9. Annual Report of the Head of Internal Audit**

Members considered a report which summarised the outcome of audit and fraud work undertaken in 2014/15 and which provided an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

Members noted that, having evaluated the results of the audit and fraud work undertaken during the 2014/15 year, the opinion of the Head of Internal Audit was that the council's framework of governance, risk management and control provided "substantial assurance".

Members' attention was drawn to paragraph 13 of the report, which detailed significant control issues which were considered relevant to the preparation of the Annual Governance Statement.

Members questioned the Head of Internal Audit on specific findings of audits completed (Annex 2 of the report). An explanation was given as to why the nature of some of the work carried out by Internal Audit meant that it was not always appropriate to give an opinion. It was agreed that, to provide greater clarity, future reports would detail this type of work separately.

- Resolved:
- (i) That the results of audit and counter fraud work undertaken in 2014/15 be noted.
  - (ii) That the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control be noted.
  - (iii) That the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conformed with Public Sector Internal Audit Standards be noted.
  - (iv) 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 work undertaken in 2014/15.
  - (ii) To enable Members to consider the implications of audit and counter fraud findings.
  - (iii) To enable Members to consider the opinion of the Head of Internal Audit.
  - (iv) To enable the Annual Governance Statement to be prepared.

**10. Update on Freedom of Information and Environmental Information Regulations**

Members considered a report which provided an update on progress and performance in respect of the processing of Freedom of Information (Fol) requests.

Members were informed that paragraph 5 of the report should read *“Using the average cost of producing a response of £136.45 which has previously been reported to this committee, the approximate cost to the council for responses in 2014/15 is a total of £254,342.80”*. Members noted that these costs related to officer time spent in preparing the responses.

Members’ attention was drawn to paragraph 3 of the report which included statistics on the number of Fol requests received. It was noted that the figure had more than doubled over the last four years and that the response rate for the previous year had been very good. Officers explained that the Fol requests came from several sources including commercial organisations, students and the media, as well as from other individuals.

Resolved: That the report be noted.

Reason: To ensure the Council meets the requirements of Freedom of Information/Environmental Information Regulations, and is open and transparent in its publishing of information.

**11. Update on Information Governance**

Members considered a report which provided an update on information governance developments since the last report to the committee in December 2014.

Officers gave details of the work and progress that had been made, including revised staffing arrangements through the transfer of the Customer Feedback team into Legal, Democratic and ICT services.

Further details were given of the scope of the work that would be carried out by the ICO during their audit. This would focus on Records Management, Subject Access to Records and data sharing.

Resolved: That the report be noted.

Reason: To ensure Members are aware of the progress being made in the effectiveness of the Council's information governance arrangements.

Councillor Barnes, Chair

[The meeting started at 5.30 pm and finished at 7.15 pm].