

Meeting	Audit and Governance Committee
Date	31 March 2021
Present	Councillors Pavlovic (Chair), Daubeney, Fisher (Vice-Chair), Lomas, Mason, Webb and Hollyer (Substitute For Cllr Wann)
Apologies	Councillors Wann

44. 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. No interests were declared, Councillor Lomas noted she did not have a prejudicial interest or any disclosable pecuniary interest but she had submitted a standards complaint.

45. Minutes

Resolved: That the minutes of the meeting held on 28 January 2021 be approved and then signed by the Chair as a correct record.

46. Public Participation

It was reported that there had been three registrations to speak at the meeting under the Council's Public Participation Scheme.

Gwen Swinburn raised a number of concerns including the auditors flagging for the second year in a row, concerns regarding the use of passwords at the Council. She highlighted concerns raised about valuation of assets by the Council in the auditor's report and stated that more should be done to ensure senior staff could not ignore actions requested by regulatory bodies or committees.

Andy Mendus asked whether Mazars were content that the Council had acted sufficiently on the internal audit reports, he also asked what the role of GRAG was and whether Audit and Governance had seen the terms of reference for GRAG? He enquired as to when the Committee would be considering a

review of Non-Disclosure agreements, Settlement Agreements, and Whistleblowing.

Cllr Kilbane raised a series of questions regarding the exit of the former chief executive confirmed at the Staffing Matters and Urgency Committee, he raised concerns that the Leader of the Council had not declared an interest at the meeting and whether incorrect information in the business case provided should call into question the validity of the decision taken at that meeting.

47. Mazars Audit Completion Report

The Committee were joined by auditors from Mazars who introduced the report. The auditors noted that unusually the report was a draft due to ongoing investigations and noted that an audit certificate should be finalised shortly. Members enquired about the ongoing investigation's timeframe and what evidence was still to be submitted. The auditors confirmed that they were not satisfied with some of the current information provided in relation to the business case for the exit of the former chief executive and that the report would not have a strict timeframe but would be brought to the Committee as soon as possible.

The role of the Monitoring Officer was discussed and it confirmed their role in relation to standards and advice they can give in relation to a member conflict of interest. It was confirmed that the Localism Act places the emphasis on elected Members to declare an interest and that the Monitoring Officer could advise Members on issues.

Members discussed the investigation into the exit of the former chief executive. Elements of the exit package were considered and enquiries were made as to whether the last chief executive left via early retirement or redundancy. It was noted that it was an early retirement on the grounds of business efficiency but the information taken to the meeting of Staffing Matters and Urgency which confirmed the early retirement should have clearly stated that some of the payments were not strictly contractual but were paid using the Council's discretionary powers.

Members made enquiries regarding the information relating to business efficiencies in relation to the decision for an early retirement of the former chief executive. Discussion took place

regarding the role of several different proposed restructures of the senior management team and that the 2018 proposed restructure was confirmed as not having been connected to the exit of the former chief executive. Information provided in the business case was discussed and it was noted that it focused on the settlement agreement and provided a lack of other details. Officers confirmed a review of the business case template would take place. Following further questions the auditors confirmed the importance of a good and detailed business case. They highlighted challenges to decision making where a business case could be deemed to have provided insufficient or incorrect information.

Members also discussed a number of other areas in the report including the continued risk raised in relation to Council passwords. It was confirmed that COVID-19 and working from home had effected the Council's ability to change and improve passwords, as officers could not update their password remotely. Officers noted that work was being undertaken with ICT to improve passwords across the Council. Concerns around the North Yorkshire Pension fund were raised from the report, the auditors confirmed that this was in relation to the value of assets effected by factors such as COVID-19 and was a risk for the wider sector.

Resolved:

- i. The Committee noted the matters set out in the Audit Completion Report presented by the external auditor.

Reason: 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.

48. Annual Financial Report - Statement Of Accounts 2019/20

Members considered the statement of accounts for 2019/20 and officers confirmed that as a live document, the Annual Governance Statement would reflect any recommendations from the external auditors. Members considered whether they should defer the signing off of the accounts, in order to await for Mazars to complete their investigation. It was confirmed that the

report could be deferred but that the outcomes of the investigation should not change the figures reported in the report. The auditors also confirmed that, whatever the outcome of their investigations, the figures published in the accounts would not change.

It was requested that the report add additional clarification to the information provided to the Staffing Matters and Urgency Committee which considered the early retirement of the former chief executive regarding senior management restructures. Members also discussed the breakdown of payments related to the former chief executive early retirement and how these were labelled in the report. Officers confirmed that £24,084.37 would be amended to now read as an amount equivalent to redundancy.

Resolved

- i. Note the matters set out in the Audit Completion Report presented by the external auditor in the previous agenda item and summarised in this report, subject to the amendments to report identifying that there had been two separate corporate restructures started since 2018 and that the payment of £24,084.37, as part of the former chief executives early retirement, be amended to now read as an amount equivalent to redundancy.

Reason: 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. Approve the amended Annual Financial Report at Annex A for signature by the chair from a resolution of this Committee in accordance with the Accounts and Audit Regulations 2015.

Reason: To ensure compliance with the International Auditing Standards and other relevant legislative requirements.

49. **Work Plan**

The Committee considered the work plan and noted their concerns about the potential loss of remote meetings from May 2021, due to government legislation allowing remote meetings during the COVID-19 pandemic to elapse. The Committee agreed that a meeting would be held as soon as the Mazars report was finalised.

Resolved

- i. That the work plan be approved.

Reason: So that the committee has a planned programme of work in place.

Cllr Pavlovic, Chair

[The meeting started at 5.30 pm and finished at 8.15 pm].

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