
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	19 APRIL 2011
PRESENT	COUNCILLORS WATSON (CHAIR), BROOKS (VICE-CHAIR), FIRTH, HYMAN, SCOTT AND GUNNELL
APOLOGIES	COUNCILLORS VASSIE

69. DECLARATIONS OF INTEREST

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

Councillor Hyman and Scott declared a personal non prejudicial interest as their wives work for City of York Council and could be subject to fraud investigations if the need arose.

70. EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That the press and public be excluded from the meeting during consideration of Annex C to agenda item 6 on the grounds that it contains information relating to negotiations in connection with a labour relations matter arising between the authority and employees of the authority. This information is classed as exempt under paragraph 4 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006). Also Annex 1 to agenda item 13. This information is classed as exempt under paragraphs 4 and 7 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information) (Variation) Order 2006

71. MINUTES

RESOLVED: That the minutes of the Audit and Governance Committee meeting held on 14 February 2011 be approved and signed by the Chair as a correct record.

72. PUBLIC PARTICIPATION

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

73. FORWARD PLAN.

Members received a report that presented the future plan of reports expected to be presented to the committee during the forthcoming year to February 2012.

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

RESOLVED: That the Committees forward plan to February 2012 be approved.

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 councils internal control environment in accordance with its roles and responsibilities.

74. KEY CORPORATE RISK MONITOR 4.

Members considered a report that presented the current position of the risks associated with the Key Corporate Risks (KCRs) as at the end of February 2011.

Consideration was given to the risks set out at Annex B, confidential Annex C and in the report.

Further to discussions that had taken place at the previous meeting, Officers outlined paragraph 11 of the report in reference to the work undertaken regarding the bullying and harassment policy in schools.

Certain Members queried the target and revised dates, in particular for risk references 1796, 1798 and 1799 on pages 30 and 31 of the agenda. It was requested that the Director of Communities and Neighbourhoods attends the next meeting to provide an update on whether the actions associated with these risks have been completed.

The Director of City Strategy was in attendance at the meeting to present the Risk Register for the Community Stadium project. He provided an update to Members who queried the current status of the planning application, access issues to the proposed site and the level of involvement of local sports clubs.

RESOLVED: (i) That Members considered the risks set out at Annex B and C and paragraph 8 of the report.

(ii) That the following risks be reviewed in more detail at the next meeting, particularly in relation to target dates:

- Risk Ref 1796, 1798 and 1799.¹

(ii) That Members noted the risks reports presented in respect of Bullying and Harassment, York Community Stadium, Administrative Accommodation Project and iTrent Payroll System.

- REASON:
- (i) To provide assurance that risks to the council are continuously monitored.
 - (ii) To provide assurance that risks to the council are continuously monitored
 - (iii) To provide assurance that key risks to the council are being properly managed.

Action Required

1. Information be provided to Members re revised date for risk reference 1799. SB

75. AUDIT COMMISSION 2010/11 AUDIT PLAN PROGRESS REPORT.

Members received a report that presented the progress made by the Audit Commission in achieving their 2010/11 Audit Plan. The progress report was attached at Annex A.

Members noted the progress on the Audit Commissions external audit work to the end of March 2011, in particular the audit of financial statements, the value for money conclusion and the work of the national Advisory Services team.

Members queried the reference to the increase in home working options on page 3 of the Progress Report, in particular how great the risk would be to the Council. Officers advised the risk can be managed if the Council is fully aware of all the risks associated with home working.

RESOLVED: That Members considered the content of the progress report and noted its findings and matters arising.

REASON: To ensure the Audit and Governance Committee is fully aware of the current activity of the external auditors and any issues that could affect the council's system of internal control.

76. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT.

Members received a report which advised them on the process for the 2010/11 review of the effectiveness of the council's system of Internal Audit, as part of the review of the overall system of internal control required for the 2010/11 draft Annual Governance Statement (AGS).

Officers reported that in line with previous years processes, it is proposed that the annual review of the effectiveness of the system of internal audit for 2010/11 should be undertaken by the Shared Service Contract Board (SSCB) with the process overseen by the chair of the Audit Committee.

Members queried the Council's contract with Veritau and sought assurance that the Council were getting value for money.

RESOLVED: That Members agreed to a review of the effectiveness of the internal audit to be undertaken by the Shared Services Contract Board.

REASON: To enable Members to consider the adequacy and effectiveness of the Council's control environment.

77. IFRS UPDATE.

Members considered a report which updated them on the progress made to implement the statutory changes required in financial reporting from UK General Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS).

Officers outlined the report, in particular paragraph 7 which advised Members that in line with the revised Accounts and Audit Regulations 2011, the requirement for the draft Accounts to be approved by the Audit and Governance Committee before the 30th June had been removed. Instead the Director of Customer and Business Support Services (CBSS) will sign them off.

Certain Members queried whether the draft accounts should continue to come before the Audit and Governance Committee prior to approval by the Director of CBSS in order for Members to consider them and make any comments before they are approved. Members felt that the accounts not being considered by the Audit and Governance Committee first would be a significant change to the objectives of the Committee.

Officers advised that the Audit and Governance Committee would still be approving the Statement of Accounts and the Annual Governance Statement prior to the 30th September, in line with the functions of the Committee as set out in the Constitution.

Councillor Scott objected to the change as he considered it to be outside of the constitutional remit of the Audit and Governance Committee.

Members agreed to accept the change with their concerns noted, and on the understanding that the situation could be reviewed at the July meeting if necessary.

RESOLVED: (i) That Members noted the progress to convert the Accounts to IFRS contained in this report and recognise the continuing work being undertaken for a smooth transition to IFRS.

(ii) That Members noted the change in the revised Accounts and Audit Regulations 2011.

(iii) That the new arrangements for the approval of the draft accounts be revisited at the July meeting if necessary.

REASON: That those responsible for governance arrangements are updated on a regular basis with all current available information and to ensure that the implementation of IFRS is proceeding in a timely manner for 30th June 2011 implementation.

78. INTERNAL AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE PLAN 2011/12.

Members considered a report which sought approval for the programme of audit, counter fraud and information governance work to be undertaken.

Annex 1 contained details of the proposed audit, counter fraud and information governance work for 2011/12. In response to Members questions, Officers advised that the plan is set by the head of Internal Audit in conjunction with the Assistant Director of Financial Services.

RESOLVED: That Members approved the 2011/12 internal audit, counter fraud and information governance plan.

REASON: In accordance with the committees responsibility

79. AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE MONITORING REPORT.

Members considered a report which provides an update on progress made in delivering the internal audit workplan for 2010/11 and on current counter fraud and information governance activity.

Officers referred to paragraph 3 of the report and advised that it had been necessary to make a number of variations to the audit plan. Details of the changes were outlined in Annex 2 of the report for Members information.

RESOLVED: That Members noted the progress made in delivering the 2010/11 internal audit work programme, and current counter fraud and information governance activity.

REASON: To enable members to consider the implications of audit and fraud findings.

RESOLVED: That Members noted the variations to the 2010/11 audit plan set out in annex 2.

REASON: To enable Members to consider the delivery of the internal audit plan.

80. FOLLOW UP OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS.

Members considered a six monthly update report which set out the progress made by council departments in implementing actions agreed as part of internal audit work and recommendations made by the Audit Commission.

A summary of findings is presented to the Audit and Governance Committee twice a year. This report covered agreed actions with target dates up to 28 February 2011.

Members queried paragraph 10 of the report which advised that in six cases it had not been possible to assess whether appropriate action had been taken due to a lack of response from responsible officers. These had now been escalated to senior managers and an update was already planned for a future Audit and Governance meeting.

RESOLVED: That Members considered the progress made in implementing internal audit agreed actions as reported in paragraphs 6 to 11 of the report.

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

81. AUDIT COMMISSION NATIONAL REPORTS SUMMARY.

Members considered a report which provided a brief overview of national reports produced by the Audit Commission (AC), which are all available to view on the Audit Commission website. The summary provided an overview for reports between 31 October 2010 to 30 April 2011.

Officers advised that since the last report to the Committee no new national studies had been published by the Audit Commission. However, summaries of two briefing papers published on the implementation of International Financial Reporting Standards (IFRS) were provided in the report and elsewhere on the agenda.

RESOLVED: That Members noted the report.

REASON: To ensure that the Council can benchmark, learn from and meet best practice requirements derived from external audit national activity and enhance governance frameworks as a result.

Councillor B Watson, Chair

[The meeting started at 5.30 pm and finished at 8.00 pm].