

Meeting	Audit & Governance Committee
Date	25 June 2014
Present	Councillors Potter (Chair), Brooks (Vice-Chair), Fraser, Gunnell, Wiseman, Hodgson (Substitute for Councillor Barnes), Reid (Substitute for Councillor Ayre) and Mr Whiteley (co-opted non-statutory member)
Apologies	Councillors Ayre and Barnes

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, non-prejudicial interest in the agenda item "Draft Revised Financial Regulations" (minute 13 refers), as she had served on the Loans and Grants Scrutiny Review Task Group which had recommended some of the changes to the Financial Regulations.

2. Minutes

Resolved: That the minutes of the meeting of 16 April 2014 be approved and signed by the Chair as a correct record subject to Councillor Hodgson being recorded as present as a substitute for Councillor Watson.

3. Public Participation

It was reported that there was one registration to speak under the Council's Public Participation Scheme.

Ms Gwen Swinburn requested an opportunity to meet to discuss various matters within the remit of the Audit and Governance Committee. She stated that, in her opinion, the information presented to the committee regarding democratic governance within the Authority was unrealistic. She also requested citizen

involvement in the review of the Council's Constitution. Ms Swinburn expressed her appreciation that the external auditors had looked into issues which had been raised by citizens.

4. 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 April 2015.

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

The Chair expressed concern that the review of scrutiny arrangements had been deferred to the meeting on 24 September 2014. Officers confirmed that a consultation report had been issued to Group Leaders and their feedback was awaited. The Chair stated that she would seek to progress this matter by emailing Group Leaders following the meeting.

Resolved: That the committee's Forward Plan for the period to April 2015 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.

5. Draft Annual Governance Statement

Members considered the draft Annual Governance Statement. It was noted that there would be a further opportunity for input from the Committee prior to the Committee being asked to endorse the Statement at its meeting in September 2014.

Members' attention was drawn to the significant issues and the emerging issues, as detailed on pages 24 to 27 of the Statement.

Members noted the major areas identified as requiring focus by the Committee in the next twelve months and supported their inclusion in the Committee's Work Plan.

Officers responded to questions from Members, including detailing the arrangements that were in place in respect of information security.

Members requested that the penultimate paragraph of page 17 be amended to read... "The council implemented new scrutiny arrangements during 2009/10 and continues to seek to develop *and improve* these arrangements".

- Resolved:
- (i) That the draft Annual Governance Statement be received.
 - (ii) That the Committee's work plan be updated to include reports on the issues identified in the Annual Governance Statement including:
 - Adult Social Care Progress report (this report to be given priority on the work plan)
 - Absence Management
 - Information Governance Update
 - Partnership Governance
 - (iii) That a training session on information security be included in the Committee's training programme.

Action Required

1. Update Committee's Work Plan

EA

6. Annual Report of the Audit and Governance Committee

Members considered the draft annual report of the Audit and Governance Committee for the year ended 16 April 2014, prior to its submission to Full Council.

Resolved: That the annual report of the Audit and Governance Committee be approved and forwarded 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. Mazars' Audit Progress Report

Members considered a report which provided an update on Mazars' progress in meeting its responsibilities as City of York Council's external auditor. It also included key emerging national issues and developments.

Attention was drawn to an additional risk which had been identified in relation to the Value For Money conclusion. This related to Adult Social Care. A report on this issue would be presented to the Committee.

Resolved: That the report be noted.

Reason: To ensure that the committee is kept updated on the work of the external auditors.

8. Annual Report of the Head of Internal Audit

Members considered a report which summarised the outcome of audit and fraud work undertaken in 2013/14 and provided an opinion on the overall adequacy and effectiveness of the council's internal control arrangements.

Members' attention was drawn to paragraph 14 of the report which detailed the significant control issues which had been considered relevant to the preparation of the 2013/14 Annual Governance Statement.

- Resolved:
- (i) That the results of audit and counter fraud work undertaken in 2013/14 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 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 findings.
 - (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.

9. Audit and Governance Committee Effectiveness - Action Plan Update

[See also Part B minute]

Members considered a report which provided details of the progress made to address the remaining outstanding items included in the effectiveness action plan. Members were also asked to consider some limited changes to the committee's Terms of Reference prior to their consideration by Full Council.

Members were informed that arrangements were being made to appoint a second independent member to the committee. The recruitment was being carried out jointly with North Yorkshire County Council.

- Resolved:
- (i) That the progress made to address the outstanding items included in the effectiveness action plan be noted.
 - (ii) That it be recommended to Full Council that the proposed changes to the terms of reference of the Audit and Governance Committee (as set out in Annex 2 of the report) be approved.

- Reasons: (i) To ensure that the Audit and Governance Committee remains effective.
- (ii) To ensure that the Audit and Governance Committee continues to operate effectively and in accordance with recommended best practice.

10. Information Governance Strategy Update

Members considered a report that provided an update on information governance developments, including Data Protection and Freedom of Information matters.

Details were given of the processes that had been put in place to improve the response rate to Freedom of Information requests.

Members requested that future reports include details of the number of staff hours spent dealing with Freedom of Information requests and the costs involved.¹

- Resolved: (i) That the Information Governance and Data Protection update be noted.
- (ii) That the Freedom of Information update be noted.

- Reasons: (i) To ensure that the Council meets the requirements of Data Protection legislation, is able to ensure security of key personal data and is able to continue to work effectively with partner organisations.
- (ii) To ensure the Council meets the requirements of Freedom of Information legislation and is open and transparent in its publishing of information.

Action Required

1. Include this information when report next presented to committee PS

11. **Updating the Constitution**

Members considered a report that provided an update on progress towards a complete revision of the Constitution.

Members were informed of the “Openness of Local Government Bodies Regulations” which had been issued as draft legislation. Once the legislation came into force a report would be presented to the Committee detailing the implications¹.

Members stated that they would wish to see the review of the Constitution completed by the end of the civic year.

Resolved: That the progress made to prepare a revised Constitution be noted.

Reason: To allow the Audit and Governance Committee to monitor progress.

Action Required

1. Include on Committee's Work Plan for September

EA

12. **Democratic Governance Audit**

Members considered a report that advised on the Council's response to a recent internal audit report in relation to democratic governance. Officers highlighted ways in which the recommendations in the report were being addressed. Members requested that copies of the internal audit report be forwarded to them.¹

Resolved: That the progress made in response to the audit recommendations be noted.

Reason: To allow the Audit and Governance Committee to monitor progress.

Action Required

1. Circulate audit report

JC

Part B - Matters referred to Council

13. Draft Revised Financial Regulations

Members considered a report which presented the draft revised Financial Regulations. Members were asked to comment on the regulations prior to them being presented to Full Council for consideration. Officers gave details of the proposed changes and the reasons for these.

Members agreed that the word “solely” should be deleted from paragraph 38.

Recommend: That the amendments to the Financial Regulations, as set out at paragraphs 5, 6, 7, 8 and Annex A of the report be approved subject to the deletion of the word “solely” from paragraph 38.

Reason: The revised draft Financial Regulations are appropriate in maintaining the integrity of the Council’s financial arrangements.

14. Audit and Governance Committee Effectiveness - Action Plan Update

[See also Part A minute]

Members were asked to consider some limited changes to the committee’s Terms of Reference prior to their approval by Full Council.

Recommend: That the proposed changes to the terms of reference of the Audit and Governance Committee (as set out in Annex 2 of the report) be approved.

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

Councillor Potter, Chair

[The meeting started at 5.30 pm and finished at 7.30 pm].