

Minutes

Audit and Governance Committee

Venue:	Meeting Room 5
Date:	Wednesday 15 June 2016
Time:	5.00pm
Present:	Councillors M Jordan (Chair), K Arthur, D Buckle, Mrs J Chilvers, I Reynolds and P Welch.
Apologies:	None.
Officers present:	Karen Iveson, Chief Finance Officer (s151); Phil Jeffrey, Audit Manager, Veritau; Gavin Barker, Senior Manager, Mazars; Suresh Patel, Director, Mazars; and Daniel Maguire, Democratic Services Officer
Public:	0
Press:	0

1. DISCLOSURES OF INTEREST

There were no disclosures of interest.

2. MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 13 April 2016.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 13 April 2016.

3. START TIME OF MEETINGS

The Committee considered the start time of meetings for 2016/17 municipal year.

RESOLVED:

To confirm the start time of meetings for the 2016/17 municipal year as 5pm.

4. CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

The Chair welcomed councillors and officers. It was reported that the overview and scrutiny review working group had visited North Yorkshire County Council in June to observe a Scrutiny Committee meeting, and would consider options to strengthen overview and scrutiny at the council.

5. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2016/17

The Committee considered the work programme and agreed to include the Internal Audit Charter and Risk Registers to the September meeting.

RESOLVED:

To include the Internal Audit Charter and Risk Registers on the work programme for September.

6. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2015/16 (A/16/1)

The Audit Manager (Veritau) presented the report which summarised the work of the internal auditor during 2015/16. The report confirmed that the internal auditor had concluded an opinion of 'substantial assurance' in respect of the governance, risk management and control framework provided by Selby District Council.

The Committee noted that, of the 20 agreed actions from 2015/16, 9 actions had not been implemented by the target date and that a revised target date had been agreed. The Committee noted that it had previously raised concerns about the number of actions being given revised target dates and asked the Chief Finance Officer to note the concerns. The Chief Finance Officer assured the Committee that monitoring of actions was now a standard item on the Extended Leadership Team's agenda.

In response to questions from the Committee, it was confirmed that:

- Those audit assignments that were reported as cancelled were included in a cyclical programme and would be reviewed in either 2016/17 or 2017/18.
- The Executive would consider having a portfolio responsibility for counter fraud.

- The weaknesses identified under 'Council Tax and NNDR' were assigned Priority 3 so had not been allocated specific targets.
- Concerns about lockable storage being left unlocked and the protection of sensitive information remained. The agreed target date of 31 January 2016 had been missed, and a revised target date of 30 October 2016 had been agreed.
- The Recruitment and Selection Manual had been reviewed and found to be out of date. The agreed target date of 31 March 2016 had been missed and a revised target date of 30 June 2016 set.

The Committee noted that it had considered a number of actions for officers, and requested that an actions progress report be included on future agendas similar to the example used by North Yorkshire County Council's Audit Committee.

RESOLVED:

- (i) **To note the report, including the opinion on the adequacy and effectiveness of the council's framework of governance, risk management and internal control; and**
- (ii) **To include an 'action progress report' as a standing item on future Audit and Governance Committee agendas.**

7. EXTERNAL AUDIT PROGRESS REPORT (A/16/2)

The Senior Manager (Mazars) presented the report, which updated the Committee on the work of the external auditor. It was confirmed that initial work on the 2015/16 audit had been completed, and that no issues had been identified thus far. The next report would be to the September meeting.

It was noted that the Chair would attend a North Yorkshire Governance Forum on 8 July, and that an additional member of the Audit and Governance Committee could also attend.

RESOLVED:

- To note the External Audit Progress Report.**

8. RISK MANAGEMENT ANNUAL REPORT (A/16/3)

The Audit Manager (Veritau) presented the report, which updated the Committee on risk management activity on 2015/16 and proposed actions for 2016/17.

The Committee noted that recent organisational changes, and in particular changes to senior personnel, could increase risk to the council. It was confirmed that personnel changes were included in the management of risk,

and that the internal auditor was confident sufficient actions were in place to mitigate the risk.

RESOLVED:

To note the Risk Management Annual Report, including the risk management activity undertaken in 2015/16 and the risks associated with recent changes to senior personnel.

9. CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS (A/16/4)

The Chief Finance Officer presented the report, which summarised changes to the arrangements for appointing external auditors following the closure of the Audit Commission and the end of transitional arrangements at the conclusion of the 2017/18 audits.

The Committee was asked to consider three broad options that were available under the Local Audit and Accountability Act 2014, and to make a recommendation to Council:

- **To make a stand-alone appointment.** This would require the council to set up a panel consisting of independent members which would select the auditor.
- **To set up a joint panel with other local authorities.** The Act allows local authorities to establish joint independent panels to fulfil the functions outlined in option one.
- **To opt-in to sector-led body.** This would allow a sector-led body, set up by the Secretary of State, to negotiate terms with a number of auditors and to offer packages to local authorities.

The Committee considered the options, and concluded that to opt-in to a sector-led body would provide the council with the most cost-effective and transparent process for the appointment of external auditors. It was noted that this option would provide the highest degree of independence in respect of the appointment.

RESOLVED:

Subject to confirmation of the proposals by the Local Government Association, to recommend to Council that Selby District Council opt-in to a 'sector-led body' for the appointment of external auditors when the current transitional arrangements expire (option 3 in the report).

The meeting closed at 6.03pm.