

Minutes

Audit and Governance Committee

Venue:	Committee Room
Date:	Wednesday 28 September 2016
Time:	5.00pm
Present:	Councillors M Jordan (Chair), K Arthur, D Buckle, A Thurlow, P Welch and Mrs D White (sub for Mrs J Chilvers).
Apologies:	Councillors Mrs J Chilvers and I Reynolds.
Officers present:	Karen Iveson, Chief Finance Officer (s151); Gillian Marshall, Solicitor to the Council; Keith Cadman, Head of Commissioning, Contracts and Procurement; John Raine, Head of Technical Finance, North Yorkshire County Council; Phil Jeffrey, Audit Manager, Veritau; Jonathan Dodsworth, Counter Fraud Manager, Veritau; Suresh Patel, Director, Mazars; Dan Spiller, Mazars; and Daniel Maguire, Democratic Services Officer
Public:	0
Press:	0

10. DISCLOSURES OF INTEREST

There were no disclosures of interest.

11. MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 15 June 2016.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 15 June 2016.

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

The Chair introduced councillors and officers.

13. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2016/17

The Committee considered the work programme and agreed to include the Counter Fraud Strategy at the January meeting.

RESOLVED:

To include the Counter Fraud Strategy in the Work Programme for the January meeting.

14. REVIEW OF THE AUDIT ACTION LOG

The Chair informed the Committee that the Action Log would be included as a standing item at all Audit and Governance Committee meetings, as agreed at the previous meeting. The Action Log would assist the Committee in monitoring progress regarding issues raised at meetings.

Updates were noted to the following items:

- Councillor Lunn had taken on the counter fraud responsibility as part of his Executive portfolio;
- The Chief Finance Officer had advised the Extended Leadership Team about the Committee's concerns regarding the revised date for action relating to lockable storage;
- The Chief Finance Officer confirmed that the concerns about the Recruitment and Selection Manual would be addressed as part of a wider review of Human Resources policies; and
- It was proposed that a report on the changes to arrangements for the appointment of external auditors would be considered by Council in December 2016.

RESOLVED:

To update the Audit Action Log.

15. LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW LETTER 2015/16 (REPORT A/16/5)

The Solicitor to the Council presented the report which included the Annual Review Letter from the Local Government Ombudsman. It was noted that the letter covered the period 1 April 2015 to 31 March 2016 and provided a

summary of complaints received by the Ombudsman relating to Selby District Council.

The letter confirmed that 23 complaints had been received relating to Selby District Council. The Committee was informed that 2 cases were resolved by the Council and in the other 21 cases the Ombudsman had made a formal decision. The Solicitor to the Council provided a breakdown of how the complaints received had been dealt with:

- In 8 cases the complainant had been referred back to the Council as they had not exhausted the Council's complaints process.
- A further 8 cases were closed after initial enquiries.
- The remaining 5 cases had progressed to a formal investigation, of which 3 had not been upheld and only 2 complaints had been upheld. The Committee was informed that the upheld complaints related to housing and benefits and taxation.

In response to questions from the Committee it was confirmed that there were no 'repeat complainants', and that it was difficult to provide relevant comparisons with other local authorities due to the low number of complaints received (i.e. that the upheld rate for Selby was 40%, but that only represented 2 out of 5 complaints).

RESOLVED:

To note the Local Government Ombudsman Annual Review Letter and the report of the Solicitor to the Council.

16. EXTERNAL AUDIT COMPLETION REPORT (A/16/6)

The Director (Mazars) presented the report which updated the Committee on the work of the external auditor and specifically the completion of the 2015/16 audit.

The Committee noted that there were no internal control issues at category 1 (high), and one at category 2 (medium) which related to the ownership of land at New Lane, Selby. The Director confirmed that the audit had concluded a positive Value for Money conclusion.

In response to questions from the Committee it was confirmed that officers were awaiting the outcome of government decisions in relation to Business Rates, and that allocations of the Section 106 commuted sum reserve would be considered by the Executive in due course and within the framework previously approved.

The Chair recorded his thanks on behalf of the Committee to council officers for their work in securing a positive audit completion report.

RESOLVED:

To note the External Audit Completion Report.

17. STATEMENT OF ACCOUNTS 2015/16 (REPORT A/16/7)

The Chief Finance Officer and the Head of Technical Finance presented the report and the Statement of Accounts 2015/16. The report asked the Committee to approve the audited accounts, as required by the Accounts and Audit Regulations 2015.

The Committee noted that Councillor expenses had increased from £7,000 to £9,000 compared to 2014/15, despite a reduction in the number of Councillors from 41 to 31. The Chief Finance Officer confirmed that this figure often fluctuated, which could be due to late submission of expense claims.

The Committee also considered the Housing Revenue Account (HRA). The Committee was assured that the current deficit was being sufficiently managed. The Committee also noted the implications of government policy on the HRA, including social housing rent reductions and 'pay to stay'.

The Chief Finance Officer explained two minor amendments to the Annual Governance Statement (AGS), which would be considered later in the meeting. The amendments related to the ICT audit which had been completed since publication of the AGS.

RESOLVED:

To approve the Statement of Accounts 2015/16, subject to the amended Annual Governance Statement being approved.

18. ANNUAL GOVERNANCE STATEMENT (REPORT A/16/8)

The Chief Finance Officer and the Head of Technical Finance presented the report. A revised Annual Governance Statement was circulated to the Committee, which included minor changes relating to the ICT audit which had been completed by the internal auditor (Veritau) since the publication of the agenda.

The report asked the Committee to approve the AGS, including the minor amendments relating to the ICT audit. It was noted that the AGS provided public assurance that the Council has a sound system of internal control to help manage and control risks.

RESOLVED:

To approve the Annual Governance Statement 2015/16, as amended.

19. CONSIDERATION OF INTERNAL AUDIT REPORT ON ICT DISASTER RECOVERY (REPORT A/16/9)

The Head of Contracts, Commissioning and Procurement presented the report which asked Councillors to consider an internal audit report relating to ICT Disaster Recovery. The audit report had concluded 'Limited Assurance' and had therefore been brought to the attention of the Chair, who had requested the report be considered by the Committee.

It was confirmed that the internal audit had been undertaken during a period of transition in regard to ICT support. The Committee was informed that North Yorkshire County Council (NYCC) had recently taken on the contract for ICT support from Craven District Council and that the original contract with NYCC had not included a disaster recovery provision. The Head of Contracts, Commissioning and Procurement confirmed that a draft proposal for disaster recovery had been prepared by NYCC and was due to be agreed in October 2016.

The Committee noted that additional actions had been undertaken by officers to mitigate the risks identified in the report (such as data tapes being destroyed after 8 years, and secure storage facilities being made available). The Committee was informed that officers were confident that systems would soon be in place to increase the level of assurance.

The Committee was concerned at the degree of fragmentation, with systems and storage being provided by a range of suppliers at a range of locations. The Head of Contracts, Commissioning and Procurement confirmed that, although not universal across all local authorities, this was becoming the standard method for delivering such services in an increasingly digital environment.

The Committee requested that officers provide an update on progress at the next meeting in January.

RESOLVED:

- (i) To note the internal audit report on ICT Disaster Recovery; and**
- (ii) To request an update at the next Audit and Governance Committee meeting.**

20. COUNTER FRAUD ANNUAL REVIEW (REPORT A/16/10)

The Counter Fraud Manager (Veritau) presented the report, which included a private appendix relating to the Council's strategy for managing fraud risk. It was confirmed that the Committee would not be discussing the content of the private appendix and the meeting remained in public session.

The report noted that the responsibility for investigating housing benefit fraud had moved to the Department of Work and Pensions (DWP), and as a consequence the Council's trained benefit fraud investigators had transferred to the DWP. The Committee noted that this had removed a significant area of fraud responsibility and would allow a broader approach to monitoring and managing fraud.

The Committee was advised that Veritau had been engaged by the Council to deliver a counter-fraud service, and that Veritau provides a similar service to five other local authorities in the area. It was confirmed that Veritau would consult on a new anti-fraud policy and strategy which would be presented to the Committee in January 2017.

RESOLVED:

To endorse the Council's actions in addressing fraud.

21. INTERNAL AUDIT CHARTER (REPORT A/16/11)

The Audit Manager (Veritau) presented the report which asked Councillors to approve changes to the Internal Audit Charter.

It was confirmed that the changes were required to reflect the new organisational structure and also to take into account changes to the Public Sector Internal Audit Standards (PSIAS).

RESOLVED:

To approve the Internal Audit Charter.

22. INTERNAL AUDIT PROGRESS REPORT (REPORT A/16/12)

The Audit Manager (Veritau) presented the report which updated the Committee on progress made in delivering the internal audit work plan and summarised the conclusions of recent audits.

The Committee noted that a significant number of audits were recorded as 'not started', but the Audit Manager confirmed that the work plan was on target. It was requested that future reports include a summary table showing the progress of audits, agreed actions and dates.

RESOLVED:

To note the Internal Audit Progress Report.

23. REVIEW OF THE CORPORATE RISK REGISTER (REPORT A/16/13)

The Chief Finance Officer presented the report and the Corporate Risk Register. It was noted that the Access Selby Risk Register was now

incorporated into the Corporate Risk Register to reflect recent changes to the operational structure of the Council.

The Committee was able to ask questions of the Chief Finance Officer, and it was noted that risk owners were required to assess each risk but that these judgements were reviewed by the Extended Leadership Team to ensure consistency.

RESOLVED:

To note the contents of the Corporate Risk Register and to endorse the actions of officers in furthering the progress of risk management.

The meeting closed at 6.34pm.