

Minutes

Audit and Governance Committee

Venue:	Committee Room
Date:	Wednesday 18 January 2017
Time:	5.00 pm
Present:	Councillors M Jordan (Chair), I Reynolds (Vice Chair), B Sage, P Welch and Mrs D White (sub for K Arthur).
Apologies:	Councillors K Arthur and A Thurlow.
Officers present:	Karen Iveson, Chief Finance Officer (s151); Gillian Marshall, Solicitor to the Council; June Rothwell, Head of Operational Services (left after consideration of item 1), Stuart Robinson, Head of Business Development and Improvement, Phil Jeffrey, Audit Manager, Veritau; Jonathan Dodsworth, Counter Fraud Manager, Veritau; Mark Kirkham, Partner, Mazars LLP; and Janine Jenkinson, Democratic Services Officer
Public:	0
Press:	0

24. DISCLOSURES OF INTEREST

There were no disclosures of interest.

25. MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 28 September 2016.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 28 September 2016.

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

The Chair reported that an internal audit report had been circulated prior to the meeting for consideration. He explained that as Chair he received internal audit reports where the opinion of the auditor was 'Limited Assurance' or 'No Assurance', the report circulated had concluded that the controls within a system provided 'Limited Assurance'. The Chair requested that the report be considered as the first item on the agenda. Due to the sensitive nature of the information contained within the report, the Chair requested that the report be considered in private session.

27. PRIVATE SESSION

RESOLVED:

That, under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12 A of the Act as amended by the Local Government (Access to Information) (Variation) Order 2006 by virtue of paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

It is in the public interest to exempt this information as it includes information about how the Council manages risk and specifically the risks that are being actively managed (including their likelihood, impact and mitigating actions) which, if disclosed, could allow third parties to use this information against the Council.

28. CONSIDERATION OF INTERNAL AUDIT REPORTS (REPORT A/16/23)

The Committee considered the information provided in the report.

RESOLVED:

- i. To note the report.**
- ii. To request that the Internal Audit Manager provide an update report to the next Audit and Governance Committee meeting.**

29. RE-ADMISSION OF PRESS AND PUBLIC

The Committee voted to move back into public session.

RESOLVED:

That the press and public be re-admitted to the meeting.

30. REVIEW OF THE AUDIT ACTION LOG 2016-17

The Committee considered the Audit Action Log.

RESOLVED:

To note the Audit Action Log 2016-17.

31. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2016/17

The Chair requested that members forwarded any items they wished to be included on the Work Programme to him prior to the next meeting.

The Chief Finance Officer (s151) requested that an oral progress update regarding the Statement of Accounts be included in the Work Programme for the next meeting.

RESOLVED:

To consider the Statement of Accounts and an update in relation to the report - A/16/23 at the next Audit and Governance meeting.

32. PROGRESS UPDATE FOLLOWING THE ICT DISASTER RECOVERY AUDIT (REPORT A/16/14)

The Head of Business Development and Improvement presented a progress report in relation to the ICT Disaster Recovery systems at the Council. The Committee was informed that significant progress had been made since the matter was last reported to the Committee in September 2016.

Members were informed that along with the ICT infrastructure providers - North Yorkshire County Council (NYCC), the Council was working through an improvement plan. A copy of the Plan was provided in Appendix B of the report. The Head of Business Development and Improvement reported that significant progress had been made on collaborative arrangements with NYCC, particularly around strengthening governance and day-to-day joint working. A formal high level ICT Disaster Recovery Plan had been drafted and would be consulted on during January and February 2017, including a Business Continuity Workshop. The final detailed Plan would be agreed by April 2017.

RESOLVED:

- I. To ask the Head of Business Development and Improvement to circulate the final ICT Disaster Recovery Plan to Committee members once the document had been signed off in April 2017.**

33. INFORMATION GOVERNANCE ANNUAL REPORT 2016 (REPORT A/16/15)

The Solicitor to the Council presented a report outlining issues in relation to information governance that had arisen during 2016 and setting out a high level action plan for information governance.

Members were informed that in October 2016 the Council's internal auditors (Veritau) had published reports in relation to Information Governance and Freedom of Information indicating that the Council had made significant progress since the audit of information governance in 2013-14, which had given an opinion of 'limited assurance'. Internal audit had now given the opinion of 'reasonable assurance'; however areas of weakness to be addressed had been identified. The Solicitor to the Council explained that many of the areas of weakness related to the need to refresh and continue to review the arrangements that had been put in place.

The Committee noted the Action Plan set out in Appendix A of the report.

RESOLVED:

To note the report.

34. REVIEW OF STANDARDS ARRANGEMENTS (REPORT A/16/16)

The Solicitor to the Council presented a report that asked the Committee to review the standards arrangements and to provide a report back to Full Council if it considered any changes should be made.

Members were advised that currently ethical matters were considered by Full Council and the arrangements for dealing with complaints were delegated to the Monitoring Officer, advised by the Independent Persons. The Solicitor to the Council reported that the arrangements had proved to be flexible and had provided sufficient discretion to deal appropriately with the complaints that had come forward; however it had become apparent that the arrangements were disconnected from councillors, particularly parish councils and councillors.

It was suggested that a working group be established to undertake a review of the current arrangements and to report back at the next Audit and Governance meeting any recommendations to be made at the Annual Council meeting in May 2017.

It was agreed that the following members would form a working group:

- Councillor J Chilvers
- Councillor P Welch
- Councillor M Jordan

RESOLVED:

- I. **To establish a working group to review the current standards arrangements, involving the Councillors as set out above.**
- II. **To ask the working group to report back its findings and recommendations at the next Audit and Governance Committee meeting.**

35. ANNUAL AUDIT LETTER (REPORT A/16/17)

The Partner, (Mazars LLP) introduced the report and explained that the Annual Audit Letter set out a summary of work and findings of the external audit for the 2015/16 audit period.

The Committee noted that external audit had issued an unqualified opinion on the Council's financial statement and an unqualified Vale for Money conclusion.

RESOLVED:

To note the Annual Audit Letter 2015/16.

36. EXTERNAL AUDIT PROGRESS REPORT (REPORT A/16/18)

The Partner, (Mazars LLP) presented the report that provided an update on progress in delivering external audit.

The Committee was informed that the next North Yorkshire Governance Forum meeting would be held on Friday 3 February 2017 and members were invited to attend.

RESOLVED:

To note the report.

37. COUNTER FRAUD UPDATE (REPORT A/16/19)

The Counter Fraud Manager (Veritau) presented the report, which set out the performance and development of counter fraud arrangements within the Council. The report also sought members' comments on the new Counter Fraud and Corruption Policy and associated Prosecution Policy and revised Counter Fraud Strategy, before it was submitted to the Executive for approval.

Members were informed that the Council's responsibility for investigating housing benefit fraud had ended in March 2016. However, the Council recognised that it faced significant fraud risks other than housing benefit fraud; in recognition of this, the Council had strengthened its arrangements by allocating some of the resource previously used for housing benefit fraud investigation to corporate counter fraud work, through Veritau Limited.

The new policies reflected the shift in benefit fraud work to a new corporate fraud approach.

The Committee noted the following:

- Raising awareness of fraud internally and externally was a key objective in the development of the services and as such, actions including publication of an article on housing fraud in the Winter 2016 edition of the tenants newsletter – Open Door, and trialling fortnightly drop in sessions for staff within the Council had been undertaken.
- The fraud team had been actively investigating areas that had not been investigated in the past, including Right to Buy fraud and the misuse of Disabled Blue Badges in Council car parks.

RESOLVED:

To endorse the Council's actions in addressing fraud.

38. REVIEW OF RISK MANAGEMENT STRATEGY (REPORT A/16/20)

The Audit Manager (Veritau) provided a report which presented the revised Risk Management Strategy.

The revised Strategy was set out in Appendix A of the report.

Members were advised that amendments made to the Strategy included the following:

- The inclusion of additional sections in relation to the Council's Risk Culture (page 7, ref 8).
- Business Culture (page 7, ref 9).
- Risk Management in Decision Making (page 9, ref 12).
- The addition of the roles and responsibilities of the Executive (page 15).
- An additional action (page 8, ref 12) to ensure that there was integration between performance management and risk management.

The Chief Finance Officer (s151) explained that in future the Council would be required to adopt a more business-like outlook in some service areas, and as such this may mean taking measured risk in order to promote innovation and to take advantage of operating in a more business-like manner.

RESOLVED:

To endorse the actions of officers in furthering the progress of risk management.

**39. REVIEW OF CORPORATE RISK REGISTER 2016-17
(REPORT A/16/21)**

The Audit Manager (Veritau) presented the report which updated the Committee on movements within the Corporate Risk Register and actions taken to manage the corporate risks the Council faced.

RESOLVED:

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

40. INTERNAL AUDIT PROGRESS REPORT 2016/17 (REPORT A/16/22)

The Committee considered a report that provided an update on progress made in delivering the internal audit work plan for 2016/17, and summarised the findings of recent internal audit work.

The Audit Manager (Veritau) highlighted that there were currently twelve 2016/17 audits in progress. Three reports were in draft and four 2015/16 reports had been finalised since the last report to the Committee. It was anticipated that the target to complete 93% of the audit plan would be exceeded by the end of April 2017.

RESOLVED:

To note the Internal Audit Progress Report and to endorse the actions of officers in furthering the progress of risk management.

The meeting closed at 7pm.