

Minutes

Audit and Governance Committee

Venue:	Committee Room
Date:	Wednesday 19 April 2017
Time:	5.00 pm
Present:	Councillors M Jordan (Chair), I Reynolds (Vice Chair), K Arthur, Mrs J Chilvers, Mrs M McCartney, and R Packham.
Also Present:	Hilary Putman, Independent Person.
Apologies:	None.
Officers present:	Karen Iveson, Chief Finance Officer (s151); Gillian Marshall, Solicitor to the Council; June Rothwell, Head of Operational Services, Phil Jeffrey, Audit Manager, Veritau; Mark Kirkham, Partner, Mazars LLP, Gavin Barker, Manager, Mazars LLP and Janine Jenkinson, Democratic Services Officer.
Public:	0
Press:	0

43. DISCLOSURES OF INTEREST

There were no disclosures of interest.

44. MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 18 January 2017 and the Working Group meeting held on 2 March 2017.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 18 January 2017 and the Working Group meeting held on 2 March 2017.

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

The Chair welcomed recently appointed members of the Committee, Councillors R Packham and Mrs M McCartney to the meeting.

The Chair requested that agenda item 8 – Review of Standards Arrangements be considered as the first item.

46. REVIEW OF STANDARDS ARRANGEMENTS

The Solicitor to the Council reported that on 13 December 2016 full Council had received a report regarding the operation of the current standards regime for the council and parish councils within Selby District. The report had concluded that whilst the arrangements were satisfactory and met legal duties, there were areas for improvement and it had been recommended that a review be undertaken. At the meeting, Council resolved to ask the Audit and Governance Committee to review the Standards Arrangements and to report back if they considered any changes should be made to the current arrangements.

Note – Councillor I Reynolds entered the room at this point in the meeting.

Members were informed that the Audit and Governance Committee had established a working group to consider the arrangements. The group had met on 2 March 2017 and had recommended a number of changes to the current arrangements for dealing with standards matters.

The Solicitor to the Council highlighted an error in the penultimate sentence on page 50 of the report. She advised that the sentence beginning 'Where a complaint is in relation to a Town or Parish Councillor the panel will also include **one** none voting co-opted Town or Parish Councillor' should be amended to read 'Where a complaint is in relation to a Town or Parish Councillor the panel will also include **two** none voting co-opted Town or Parish Councillors'.

The Independent Person endorsed the recommendations set out in the report.

The Chair expressed his thanks to Councillor B Marshall for his advice and contributions at the working group meeting.

The Solicitor to the Council explained that training for parish councillors would be held in Tadcaster, Sherburn and a venue in the east of the District. In addition, training sessions for District Councillors would be arranged.

RESOLVED:

That the Audit and Governance Committee recommends to full Council that changes are made to the Selby District Council Constitution as follows:

- I. that Council adopt the revised Standards Arrangements as set out in Appendix A of the report;
- II. to establish a Standards Sub-Committee as a sub-committee of the Audit and Governance Committee with the Terms of Reference as set out in Appendix B of the report;
- III. that the membership of the Standards Sub-Committee be 3 District Councillors from the Audit and Governance Committee and two co-opted members from a Parish Council;
- IV. that it be part of the arrangements that the Standards Sub-Committee be required to consider the views of the Monitoring Officer and an Independent Person before making a decision; and
- V. that consequential amendments be made to Article 9 of the Constitution, as set out in Appendix C of the report.

Note – Hilary Putman left the room at this point in the meeting and did not return.

47. AUDIT ACTION LOG

The Committee considered the Audit Action Log.

The Head of Operational Services provided an update in relation to Minute No. 28 – Consideration of Internal Audit Report (Private Session).

The Head of Operational Services explained that Internal Audit had identified a number of duplicate invoices and payments had been made by creditors. Members were advised that a number of actions had been put in place to address the issues identified.

Members were informed that measures put in place to mitigate future risk included a review of procedures, the development of procedure notes, a significant increase in the use of the e-Procurement system, and the delivery of refresher training for relevant officers.

The Committee was advised that Internal Audit would continue to monitor and review the situation as part of the annual work programme.

RESOLVED:

To note the Audit Action Log.

Note - The Head of Operational Services left the room at this point in the meeting and did not return.

48. EXTERNAL AUDIT PROGRESS REPORT

The External Audit Manager (Mazars LLP) presented the report that provided an update on progress in delivering external audit.

The Committee was informed that to date two areas had been identified to report to members: issues to address in relation to payroll and follow up on the duplicate payments issues reported to the Audit and Governance Committee in January 2017.

With regard to duplicate payments, members were informed that an analysis of a download of payments data for 2016/17 had been undertaken and no other significant duplicate payments in addition to those that had already been identified were found. The Manager reported that this corroborated the view given by officers that the particular issues experienced in the summer 2016 were isolated cases and that appropriate actions had been taken to mitigate the risk of further issues arising.

In relation to issues to address in relation to payroll, the Chief Finance Officer (s151) reported that the matter had been escalated in an effort to resolve the issues with North Yorkshire County Council.

RESOLVED:

To note the report.

49. AUDIT STRATGY MEMORANDUM

The Committee considered the Audit Strategy Memorandum provided by the external auditor, Mazars LLP.

The External Audit Manager, (Mazars LLP) reported that the audit would be delivered in four main phases and was expected to be completed by 31 July 2017; ahead of the statutory deadlines being brought forward from next year. The statutory deadline for 2016/17 remained 30 September 2017.

Members were advised that in previous years Mazars had sought to rely on assurances provided by the auditor of the North Yorkshire Pension Fund (KPMG) in relation to the council's pension disclosures. The Committee was informed that going forward, Mazars would seek to reduce or eliminate the need for such assurances, by performing additional procedures as part of its audit. However, for the current year some assurances in relation to the data used in the recent triennial revaluation of the fund would be sought.

RESOLVED:

To note the report.

50. UPDATES TO THE CONSTITUTION

The Solicitor to the Council explained that as part of the preparations for Annual Council a review of the Constitution was undertaken to ensure it was up to date and fit for purpose.

Members were informed that during the 2017 review, it had been identified that updates should be made to: the Scheme of Delegation to deal with a Written Ministerial Statement on affordable housing contributions which had necessitated the creation of the Planning Sub-Committee, and to the Officer Code of Conduct. In addition, recommendations to update the Standards Arrangements had been proposed.

In relation to the Planning Sub-Committee, the Solicitor to the Council explained that a significant level of additional resources were required in terms of planning officer time, support from Legal, Democratic Services and Business Support, and members time to attend committee meetings, beyond what would be required to determine an application under delegated powers. Members were informed that the benefits of not having the Planning Sub-Committee would be faster decision making, a more effective service for applicants and financial savings, due to the reduced cost of administering the meeting.

With regard to changes to the Scheme of Delegation, the Solicitor to the Council explained that the Scheme had been updated and clarified; however there had been no changes of substance to the level of delegations.

The report set out the proposed amendments and asked the Committee to endorse them for consideration at the Annual Council meeting.

RESOLVED:

That Audit and Governance Committee endorse the changes to the Scheme of Delegation at Part 3 of the Constitution as set out in Appendix A of the report and recommend that the changes be approved by Council and the Leader, and recommend to Council that the Officer Code of Conduct set out in Appendix B of the report be approved by Council and that delegated power be given to the Chief Executive, in consultation with the Leader of the Council to make further amendments to the Code.

51. INTERNAL AUDIT PROGRESS REPORT 2016/17

The Internal Audit Manager (Veritau) explained that the purpose of the report was to provide an update on progress made in delivering the internal audit work plan for 2016/17, and to summarise the findings of recent internal audit work.

Members noted that there were currently three reports at draft report stage and five reports had been finalised since the last report to the Committee. The Manager reported that 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 report.

52. INTERNAL AUDIT AND COUNTER FRAUD PLAN 2017/18

The Internal Audit Manager (Veritau) explained that the Internal Audit and Counter Fraud Plan 2017/18 set out the planned 2017/18 programme of work for internal audit, counter fraud and risk management provided by Veritau for the council.

Members were informed that the Plan was aligned to the council's main strategic risks; however it was a working document and changes would be made throughout the year to reflect changes in risk and any issues that arose.

The content of the Plan had been subject to consultation with directors and other senior officers and formal approval by the Audit and Governance Committee.

The Plan was based on a total commitment of 480 days for 2017/18, this included 342 days for internal audit, which was a reduction of 13 days compared to 2016/17. A total of 105 days counter fraud work was also included, and 33 days to support the council's risk management arrangements.

In response to a question regarding the status of actions categorised as 'follow up in progress' the Manager explained that when actions became overdue a follow up questionnaire was sent to the responsible officer to complete.

RESOLVED:

To approve the Internal Audit and Counter Fraud Plan for 2017/18.

53. ANNUAL GOVERNANCE STATEMENT – ACTION PLAN REVIEW

The Chief Finance Officer (s151) presented the report and Action Plan for review. Members were advised that progress against the approved Action Plan had been made, although there were some actions on-going which would be monitored by the Leadership Team, in order to ensure actions were delivered to the agreed revised deadlines.

The Committee was informed that outstanding actions would be rolled into the Annual Governance Statement for 2016/17 and an update in progress would be reported at the next Audit and Governance Committee.

With regard to reconciliations of bank accounts and feeder systems, the Chief Finance Officer (s151) reported that good progress had been made on reconciliations over the year, but there had been some issues relating to payroll due to system changes at North Yorkshire County Council (NYCC). It was explained that the issues had now been resolved for 2016/17; however underlying issues remained with the costing file. Members were informed that these issues were being pursued with NYCC.

With regard to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS), the Chief Finance Officer (s151) reported that a follow-up audit of the agreed actions had been undertaken in 2016/17. The audit had identified some progress but a number of actions remained outstanding. The Committee was informed that a revised action plan was being developed which would be included in the Annual Governance Statement 2016/17 and regular updates would be brought to the Audit and Governance Committee during 2017/18.

In relation to ICT disaster recovery arrangements, members were informed that actions would be completed by 30 April 2017 and the Head of Business Development would circulate an update to the Committee.

RESOLVED:

To note progress against the Action Plan for the Annual Governance Statement for 2015/16.

54. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT

The Chair presented the draft Audit and Governance Committee Annual Report 2016/17 for members' consideration and approval.

The Chair expressed his thanks to Councillor P Welch for his contributions and work during his time as a member of the Audit and Governance Committee.

RESOLVED:

- I. To approve the Audit and Governance Committee Annual Report 2016/17.**
- II. To delegate authority to the Democratic Services Officer in consultation with the Chair to update Appendix A of the report, prior to publication to reflect the work undertaken at the final meeting of the municipal year.**

55. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2017/18

It was noted that the Annual Governance Statement 2016/17 would be presented at the Committee meeting on 26 July 2017 and not on 27 September 2017, as indicated in the work programme.

The Chair requested that the Democratic Services Officer ensured that future Audit and Governance Committee meetings were scheduled to allow sufficient time to produce an update report to be presented at full Council.

RESOLVED:

To ask the Democratic Services Officer to amend the work programme, in-line with the alteration set out above.

The meeting closed at 6.15 pm.