

Minutes

Audit & Governance Committee

Venue:	Committee Room - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Wednesday, 18 April 2018
Time:	5.00 pm
Present:	Councillor M Jordan (Chair), Councillor I Reynolds (Vice-Chair) (from minute item 46), Councillor K Arthur, Councillor J Chilvers, Councillor B Marshall, Councillor M McCartney and Councillor B Sage
Officers present:	Karen Iveson (Chief Finance Officer (s151)), Gillian Marshall (Solicitor to the Council), Gavin Barker (Manager, Mazars LLP), Mark Kirkham (Partner, Mazars LLP), Phil Jeffrey (Audit Manager, Veritau), Jonathan Dodsworth (Counter Fraud Manager, Veritau) and Alice Courtney (Democratic Services Officer)
Others present:	Councillor C Lunn (Lead Executive Member for Finance and Resources) (from minute item 47), P Eastaugh (up to minute item 47), H Putman (up to minute item 47) and W Stables (up to minute item 47)
Public:	0
Press:	0

41 APOLOGIES FOR ABSENCE

There were no apologies for absence.

42 DISCLOSURES OF INTEREST

There were no disclosures of interest.

43 MINUTES

The Committee considered the minutes of the Audit and Governance

Committee meeting held on 17 January 2018.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 17 January 2018.

44 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

The Committee was informed that there had been no training session prior to the Committee meeting due to the length of the agenda.

The Chair explained that he had recently attended a meeting of the North Yorkshire Local Enterprise Partnership (LEP) in York. The Committee discussed the LEP's governance arrangements and supported some improvements to strengthen those arrangements. The Chair stated that he had attended as a North Yorkshire County Council representative, and highlighted that the meeting constituted a positive step in terms of governance arrangements for the LEP.

The Chair further reported that he had attended the Allerton Park Waste Recovery Park that day, which was the new waste management facility for North Yorkshire. The Committee was informed that it could visit the Recovery Park as there was a Visitor Centre, and the Chair noted that he found it very interesting to see how household waste was managed in North Yorkshire.

The Chair explained that the Democratic Services Officer was leaving the Authority at the end of May 2018, and thanked her for her service. The Committee wished her all the best for the future.

45 AUDIT ACTION LOG

The Committee reviewed the Audit Action Log.

In relation to the action on sharing births and deaths information, dated 27 September 2017, the Chief Finance Officer highlighted that the Registrar's Service circulated its death list to Council staff on a regular basis, and that this information was used to action any changes. The Chief Finance Officer further stated that data from the Department of Work and Pensions was prohibited from being shared. The Committee thanked the Chief Finance Officer for the update and agreed to mark the action as complete.

RESOLVED:

- i. To note the Audit Action Log.**
- ii. To ask the Democratic Services Officer to update the Audit Action Log accordingly.**

46 AUDIT AND GOVERNANCE WORK PROGRAMME

At this point in the meeting, Councillor Ian Reynolds entered the room.

The Committee considered the current Audit and Governance Work Programme. It was noted that the Work Programme for the 2018/19 municipal year would be considered later in the meeting.

RESOLVED:

To note the Work Programme.

47 CONSULTATION ON LOCAL GOVERNMENT ETHICAL STANDARDS (A/17/26)

The Solicitor to the Council presented the report, which advised the Committee that a public stakeholder consultation was being undertaken by the Committee on Standards in Public Life, and that the Council had the opportunity to submit a response to the consultation. The report asked the Committee to consider whether the Council should take part in the consultation, and if it chose to participate, how the response should be drafted.

The Committee was informed that the report contained the consultation questions, and that comments in relation to possible responses had been provided by the Solicitor to the Council. It was also highlighted that the report contained the combined views of the Independent Persons, who were in attendance to discuss the consultation with the Committee.

The Committee asked a number of questions in relation to the consultation, and highlighted the requirement for a strong standards regime in public life as Councillors needed to remain accountable to the public. Discussion also took place in relation to whether the sanctions available for standards issues, and the arrangements in place for investigating such issues, were strong enough. It was particularly highlighted that disqualification from Office should not necessarily be related to the length of prison sentence alone, but should take into account the nature of the offence, and whether the individual was a fit and proper person to remain a Councillor.

At this point in the meeting, Councillor Cliff Lunn entered.

The Committee noted that drafting a response to the consultation would be difficult as it covered a range of complex issues, however it agreed that any response should clearly state that the sanctions available for standards issues were not strong enough.

In relation to questions about Councillors' disclosure of pecuniary interests, the Solicitor to the Council explained that Government legislation had a very tight definition of what constituted a disclosable pecuniary interest (DPI). However, the Committee stated that the

definition may not match the public perception of what should constitute a DPI, as members of the public often expected Councillors to leave the room and not vote on an item if it constituted an 'other interest' as outlined in the Councillor's Code of Conduct, despite Councillors being legally able to remain in the room and vote.

The Committee noted that the changes to standards regimes brought about by the Localism Act 2011 were welcome, but that there were a number of issues that needed to be considered, including the strength of sanctions available and the public perception of DPIs.

The Committee agreed that the Council should respond to the consultation, and agreed to delegate authority to the Monitoring Officer to draft a response in consultation with the Chair, taking into account the matters discussed at the meeting. The Committee requested that the draft response be emailed to all Committee Members for final approval before it was submitted.

The Chair thanked the Independent Persons for attending the meeting.

At this point in the meeting, Philip Eastaugh, Hilary Putman and Wanda Stables left the room and did not return.

RESOLVED:

- i. To agree that the Council should take part in the consultation.**
- ii. To delegate authority to the Monitoring Officer, in consultation with the Chair, to draft a response to the consultation that takes into account the comments made by the Committee.**
- iii. To ask the Monitoring Officer to email the draft response to all Committee Members for final approval before it is submitted.**

48 PREPARATIONS FOR THE GENERAL DATA PROTECTION REGULATION (A/17/27)

The Solicitor to the Council presented the report, which outlined the Council's preparations for the new General Data Protection Regulation (GDPR) that would come into force on 25 May 2018.

The Committee was informed that Veritau had been appointed as the Data Protection Officer for the Council, and that GDPR training would be provided for all Councillors on 8 May 2018.

The Solicitor to the Council circulated an updated version of the action plan that was included in the agenda at Appendix A, as progress had been made on the actions since the publication of the agenda.

It was explained that a large part of the GDPR preparations included information asset management, and the creation of an information asset register that contained information on the main pieces of data that the Council held. The Committee was informed that a number of officers had attended a Data Protection Workshop on 13 April to work on the information asset register, and that once the register was complete the other actions on the action plan would progress much faster.

The Committee was assured that the GDPR preparations were in hand and that the Council was currently on track and expected complete all critical actions by the time the GDPR legislation came into force on 25 May 2018. The Solicitor to the Council highlighted that further updates would be included in the Information Governance Annual Report in January 2019.

The Committee asked a number of questions, and requested that the Solicitor to the Council submit a report to the next Audit and Governance Committee meeting to include an update on the Council's data protection policies and information asset register.

RESOLVED:

- i. To note the contents of the report and the actions undertaken.**
- ii. To ask the Solicitor to the Council to submit a report to the next Audit and Governance Committee meeting to include an update on the Council's data protection policies and information asset register.**

49 EXTERNAL AUDIT PROGRESS REPORT (A/17/28)

The Manager, Mazars LLP presented the report, which provided the Committee with a progress report in relation to the work and responsibilities of the external auditors. It was explained that the majority of the report highlighted the planning undertaken for the 2017/18 external audit.

The Committee was informed that from 2018/19 the Council would need to make its own arrangements for the Housing Benefits Subsidy work to be undertaken. The Manager, Mazars LLP highlighted that the Council was required to declare who would be undertaking the Housing Benefits Subsidy work for 2018/19 by 2 July 2018. It was further stated that the deadline for declaring this in future years would be 1 March each year.

In response to questions, the Manager, Mazars LLP stated that he was not aware that there would be any impact on the Housing Benefits Subsidy work for 2017/18 or 2018/19 after the rollout of Universal Credit in the Selby District.

The Committee noted the contents of the report.

RESOLVED:

To note the report.

50 AUDIT STRATEGY MEMORANDUM (A/17/29)

The Partner, Mazars LLP presented the report, which outlined the external audit plan for the Council for the year ending 31 March 2018. It was highlighted that the external auditor had responsibility for giving an opinion on the Council's Statement of Accounts and expressing a value for money conclusion.

The importance of the materiality threshold was explained to the Committee, as that threshold set the range, depth and extent of some of the external audit testing and formed an important part of issuing an opinion on the Council's Statement of Accounts.

The Manager, Mazars LLP explained that there were a number of significant risks in carrying out the audit work, and that these were summarised in the report. The Committee was informed that the external auditor gave special consideration to areas of significant risk when undertaking the audit to ensure that the Council had the proper processes in place.

The Committee was informed that there had been no change in the approach to the external auditor's value for money conclusion, and that the fees for the work had remained the same as in previous years. It was further highlighted that the increased fee for the Housing Benefits Subsidy work for 2017/18 had been imposed by Public Sector Audit Appointments (PSAA).

The Committee asked a number of questions related to the responsibilities of the external auditor, and confirmed that it was satisfied with the contents of the report.

RESOLVED:

To note the report.

51 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT (A/17/30)

The Audit Manager, Veritau presented the report, which updated the Committee on progress made in delivering the internal audit work plan for 2017/18.

The Committee was informed that the internal auditor had finalised the Housing Rents report since the last meeting, and that eleven 2017/18 audits were in progress and a further two were at the draft report stage.

The Counter Fraud Manager, Veritau presented the section of the report related to the counter fraud work undertaken in 2017/18. The Committee was informed that 47% of completed fraud investigations had resulted in

a successful outcome, and over £21,000 of Council savings had been achieved as a result.

The Counter Fraud Manager, Veritau further stated that officers had helped to raise awareness of fraud in conjunction with a number of events, such as Tenancy Fraud Awareness Week. The Committee was informed that a counter fraud message was printed on all Council Tax letters in the District in 2017/18.

The Committee asked a number of questions of officers, and noted the contents of the report.

RESOLVED:

To note the report.

52 INTERNAL AUDIT, COUNTER FRAUD AND INFORMATION GOVERNANCE PLAN 2018/19 (A/17/31)

The Audit Manager, Veritau presented the report, which contained the proposed Internal Audit, Counter Fraud and Information Governance plans for 2018/19.

The Committee was informed that this was the first time that an Information Governance plan had been included in the report, and that this was resultant of Veritau assisting the Council with GDPR preparations. It was stated that the Information Governance plan had been created by Veritau's Information Governance team, which was based at Northallerton.

The Committee asked a number of questions, and was informed that the contents of the report had been subject to consultation with Directors and Senior Officers at the Council. The Audit Manager, Veritau assured the Committee that the contents of the report reflected good coverage of the Council's activities.

The Committee agreed to approve the Internal Audit, Counter Fraud and Information Governance plans for 2018/19.

RESOLVED:

To approve the Internal Audit, Counter Fraud and Information Governance plans for 2018/19.

53 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT (A/17/32)

The Committee considered the Audit and Governance Committee Annual Report 2017/18.

RESOLVED:

- i. To approve the Audit and Governance Annual Report 2017/18.**

- ii. **To delegate authority to the Democratic Services Officer, in consultation with the Chair, to update the appendix prior to publication to reflect the work undertaken at the final meeting of the municipal year.**

54 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2018/19

The Committee considered the Audit and Governance Committee Work Programme 2018/19.

The Committee requested that the work programme be amended to include the update report from the Solicitor to the Council on the Council's data protection policies and asset register at the meeting in July 2018.

The Manager, Mazars LLP highlighted that there would be no External Audit Progress report at the meeting in July 2018, and the Committee requested that the item be removed from the work programme.

The Committee agreed that there would be a one hour briefing session prior to the meeting in July 2018, which would be based on the Council's final accounts. The Committee requested that this be added to the work programme.

RESOLVED:

To approve the Audit and Governance Work Programme 2018/19 subject to the amendments above.

55 PRIVATE SESSION

It was proposed, and seconded, that the Committee sit in private session due to the nature of the business to be transacted.

RESOLVED:

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted the meeting be not open to the press and public during discussion of the following items as there will be disclosure of exempt information as described in paragraph 3 of Schedule 12(A) of the Act.

56 DATA BREACH REPORT (A/17/33)

The Solicitor to the Council presented the report, which provided an update to the Committee in relation to a data breach that occurred at the Council in January 2018. The report set out a number of actions that had been implemented to avoid a similar incident in the future, and the Committee was assured that lessons had been learnt from the breach.

The Solicitor to the Council highlighted that no known action had been taken against the complainants whose identities were released.

The Committee asked a number of questions related to the circumstances of the data breach, and in particular how a similar incident would have been dealt with if it had occurred after the GDPR came into force on 25 May 2018.

The Committee noted the contents of the report, and resolved to fully agree with the actions set out in the report.

RESOLVED:

- i. To note the report.**
- ii. To fully agree with the actions set out in the report.**

The meeting closed at 6.45 pm.