

AUDIT AND GOVERNANCE COMMITTEE

6th December 2021

Present – Councillors Barrett, Handley, Lis, Place and Wheeler.

Officers – Chief Executive, Chief Finance Officer (s151 Officer), Solicitor to the Council and Monitoring Officer, Performance Manager and Exchequer, Finance Manager, Planning Manager. Audit Services and Fraud Manager (Harrogate Borough Council) and Senior Democratic Services Officer.

Apologies for absence were received from the Chairman (Councillor Hull) and Councillors Mercer and Noland. In the absence of the Chairman, Vice-Chairman Councillor Place took the Chair.

Start: 6.30pm

Finish: 7.34pm

Councillor Wheeler arrived at 6.47pm.

Resolved – That the minutes of the meeting held on 20th September 2021 were approved as a correct record.

EXCLUSION OF THE PUBLIC

That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded from the meeting during consideration of Minute AC.422 (marked\$) below on the grounds that it is not in the public interest to disclose the Category 3 exempt information (financial or business affairs of any particular person including the Council).

Minutes for Report

AC.415

Statement of Accounts 2021/2022 – Update Report

The Chief Finance Officer (S.151) submitted a report updating Members on the audit process for the 2020/21 Statement of Account and, for context provided an overview of the budget out-turn position for the same year.

The audit of accounts was currently underway and the Chief Finance Officer (S.151) stated that the process would be completed in early January 2022. Progress on the final completion and certification of the accounts would be reported to Committee in due course. The Chief Finance Officer (S151) stated that because of the change to the normal timeline of the audit, it was likely that the formal sign-off arrangements would not align to the Committee's schedule of meetings and, accordingly Members were asked to grant delegated authority to facilitate the sign-off process at the conclusion of the audit.

Resolved – (1) That, the updates provided in the report now submitted in relation to the timeframe for the audit of the Statement of Accounts for 2020/21 is noted.

(2) That, the draft Statement of Accounts 2020/21 as detailed in Appendix A to the report now submitted is noted.

(3) That, the final authorisation of the Statement of Accounts 2020/21 is delegated to the Chief Finance Officer (S.151) and the Chair of the Audit and Governance Committee, upon formal conclusion of the audit of the accounts.

AC.416 **Internal Audit Progress Report 2021/2022**

The Audit Services and Fraud Manager presented a report updating Members on the progress made against the 2021/22 Internal Audit plan up to 19th November 2021. Members were given reassurance that all the audits were progressing well and would be completed in line with the agreed plan.

Resolved – That, the progress against the 2021/22 Internal Audit plan is noted.

\$AC. 417 **Internal Audit Recommendations – Progress Report**

The Audit Services and Fraud Manager submitted a report updating Members on progress against recommendations made by the Internal Audit Team. An effective programme of internal audit was a key component of the Council's performance framework and assurance activity, preventing financial loss and value for money.

Resolved – That, the progress against internal audit recommendations are noted.

AC.418 **Audit Services Report – Health and Safety 2021/22**

The Audit Services and Fraud Manager introduced a report which presented a health and safety audit undertaken as part of the annual audit plan 2021/22 in respect of compliance with key control objectives as outlined in the submitted report.

Health and Safety was last audited in 2018/19 and received a partial level of assurance. Since then, there had been a number of changes affecting the function and these were identified in the report together with detailed findings, recommendations, management responses and implementation dates to address the recommendations. The Audit opinion was again a partial level of assurance but overall good practice was in place to improve the health and safety function with steps being taken to rectify the issues identified.

Resolved – That, the report is noted.

AC.419 **Audit Services Report – S.106**

The Audit Services and Fraud Manager presented details of the S.106 audit. The scope of the audit was for the Council to; maximise opportunities under the planning act in respect of S.106 agreements; ensure income was allocated to the correct service; and that schemes were fully reconciled and expended as per legislation. Following receipt of outstanding evidence and documents the auditor had awarded a 'good level of assurance'. Based on the testing carried out, Audit Services were satisfied that 1 out of 3 control objections had been met with the other 2 being partially met. A total of 10 recommendations had been made these along with the progress made were set out in the report.

Resolved – That, the audit services report is noted.

AC.420 **Update from the Quarter 2 Meeting of the Council's Risk Management Group, 12th October 2021**

The Chief Finance Officer (S.151) submitted a report providing an update from the Council's Risk Management Group held on 12th October 2021. A recent internal audit had only given a 'partial level of assurance' and to counteract that rating an action plan was underway as agreed by this Committee. All recommendations were on tract to be completed by the end of January 2022.

The Risk Management Group proposed that two new risks be added to the Risk Register to reflect the likely impact of Local Government Reorganisation:

- The Council is unable to successfully fulfil strategic objectives due to the resource requirements and timescales of Local Government Reorganisation.
- Staffing impacts of Local Government Reorganisation.

Resolved – (1) That, the update from the Risk Management Group is noted.

(2) That, the two recommended additions in respect of Local Government Reorganisation as identified in the report now submitted are added to the Council's Corporate Risk Register.

AC.421 **Exemptions from the Contract Procedure Rules – Quarter 2 2021/22**

The Chief Finance Officer (S.151) submitted a report notifying Members on the exemptions granted from the Contract Procedure Rules during quarter 2 2021/22.

The two exemptions related to the hire of a narrow access refuse collection vehicle and for a contract for the homelessness prevention project (rough sleepers and those at risk of rough sleeping).

Resolved – That, the two exemptions granted from the Council's Contract Procedure Rules are noted.

\$AC.422 **Request for the Exception to the Contract Procedure Rules for Property Services**

The Director of Services submitted a report requesting that the Contract Procedure Rules are dis-applied to allow the direct appointment of a property for the provision of property services for 2022/23.

Resolved – That, the Contract Procedure Rules are dis-applied to allow a direct contract award without competition as set out in the report now submitted.

Minutes for Decision

AC.423 **Updated Risk Management Strategy**

The Chief Finance Officer (S.151) submitted a report on the Council's Risk Management Strategy as updated and presented to the Council's Risk Management Group on 12th October 2021. The Strategy had been reviewed by the Chief Finance Officer (S.151) and appropriate members of the Senior Leadership Team and a number of small updates were

made to ensure that the Strategy reflected current legislation and good practice. The updates were set out in the report.

RECOMMENDED – That, the updated Risk Management Strategy is approved.

AC. 424

Any Other Business

In accordance with Section 100B(4) of the Local Government Act 1972, the Chairman accepted a late report from the Chief Finance Officer (S.151) seeking Member approval to opt into the national scheme for external auditor appointments.

The Council's current external auditors were Mazars and their contract would end when the audit of the accounts for 2022/23 were completed. Because of Local Government Reorganisation, there should be no need for the Council to appoint external auditors beyond 2022/23 as those accounts should be the last set of accounts that Craven District Council produces.

However, all North Yorkshire authorities had been advised it would be prudent to make provisions for the next external auditor appointment and all the Section 151 officers of those authorities were of the opinion that it would be sensible for a formal resolution to be made to opt into the national auditor appointment scheme administered by a body designated by the Secretary of State. That body was currently Public Sector Audit Appointments Limited (PSAA).

Should the Council wish to take advantage of the national auditor appointment arrangements for 2023/24, it was required under the local audit arrangements to make the decision at full Council before the 11th March 2022 when the opt-in period ended.

The Chief Finance Officer (S.151) informed Members that whilst it was unlikely that the arrangements under the national auditor appointment scheme would be needed by Craven, it provided for a sensible back stop and effectively allowed the new Council to use the route more easily (if it chose to do so). Because the new unitary authority would be a 'continuing authority' it would not need to opt in again.

RECOMMENDED – That, the Council opt in to the national scheme for auditor appointments managed by PSAA as the 'appointing person' as set out in the report now submitted.

Chairman.