

AUDIT AND GOVERNANCE COMMITTEE

18th March 2013

Present – The Chairman (Councillor Place) and Councillors Barrett, Beck, Jaquin, Moorby, Staveley, Turner and Whaites.

Officers – Chief Executive, Interim Finance Manager, Assets and Projects Manager, and Committee Officer. The Internal Audit Manager, Martin Helm together with Cameron Waddell, Director, and Lynn Worth, Audit Manager, with the Council's external auditors Mazars were also in attendance.

An apology for absence was received from Councillor Harbron.

Start: 6.30pm

Finish: 7.50pm

The minutes of the Committee's meeting held on 23rd January, 2013 were confirmed and signed by the Chairman.

Minutes for Report

AC.166

AUDIT STRATEGY MEMORANDUM 2012-13

The External Audit Director, Cameron Waddell, submitted a copy of the Audit Strategy Memorandum (formerly known as the Audit Opinion Plan) for 2012/13 which detailed the audit work Mazars, as the Council's external auditors, proposed to undertake in auditing the Council's 2012/13 financial statements. The plan was based on Mazars risk-based approach to audit planning. In planning the audit the following significant risks considered relevant to the audit of the accounting statements had been identified

- Management override of controls;
- Revenue and expenditure recognition;
- Property, plant and equipment entries and disclosures;
- Retirement benefits entries and disclosures.

Mr Waddell explained that fundamentally there would be little change in the approach to the audit and, as appropriate, the audit would rely on work undertaken by the Council's internal auditors and other experts. As in previous years the audit would also reach a conclusion on the Council's arrangements for securing value for money. The fee for the audit would be £60,192, plus £15,750 for the certification of grant claims.

Resolved – That the Audit Strategy Memorandum is received.

AC.167

RISK MANAGEMENT

Further to Minute AC.153/12-13, the Procurement, Payments and Risk Manager submitted a report updating the Committee on changes to the Council's risk register and risk profile.

In undertaking the most recent review of the risk register and profile, no new risks had been identified which scored high enough to feature on the Risk Register. Similarly no risks had been removed and as such the register would continue to hold eight risks, however the score attributed to one risk, that relating to an increase in planning appeals leading to financial loss and loss of reputation, had been reduced from 12 to 10 reflecting progress being made towards publication of the draft development plan. The average risk score for the overall Skipton Developments project

remained at 12, and although the scoring with regard to that part of the project which concerned the proposed development of land at Horse Close, Skipton had been reviewed as requested at Minute AC.165/12-13, the Corporate Risk Management Group and Corporate Leadership Team had indicated that the average score adequately reflected the overall risk.

The review had identified the following new risk, which had been assigned a risk score of 9. Subject to the Committee's approval the risk would be added to the Council's risk profile.

"Government introduces new legislation which removes the right of poorly performing planning authorities to determine major planning applications leading to potential financial loss, loss of reputation and loss of control over developments taking place in its own area."

The Committee was asked to agree the changes to the risk register and profile after a discussion, it was

Resolved – (1) That the proposed changes to the Risk Register now reported are approved.

(2) That inclusion of the proposed new risk concerning possible Government legislation with regard to poorly performing planning authorities, within the Council's risk profile, is approved.

(3) That the changes to the stand alone risk register for the Skipton Developments Project are approved.

(Councillors Jaquin and Turner drew the Committee's attention to dispensations granted to them to participate in discussions on matters involving Skipton Town Hall)

AC.168

INTERNAL AUDIT

(a) Outstanding Recommendations

Further to Minute AC.138(a)/12-13, the Corporate Head of Financial Management submitted a report updating the Committee on the position reached with implementation of internal audit recommendations. The Committee was also asked to consider whether the revised arrangements for monitoring the implementation of internal audit recommendations introduced at Minute AC138(a) should be amended.

Appendices to the Corporate Head's report listed outstanding audit recommendations where the original target implementation date was prior to January 2013 and recommendations implemented within the third quarter of the current financial year. Of 32 outstanding recommendations, 18 had been overdue as at January 2013. Members were asked to consider whether they required the attendance of any departmental leads and / or responsible officers at the Committee's next meeting to discuss the position with regard to outstanding recommendations for which they were responsible.

The Internal Audit Manager commented that in his view, some of the recommendations listed as completed within the third quarter were subject to confirmation by Internal Audit that this was indeed the case.

During the course of the ensuing discussion the Chief Executive updated the Committee on the current position in respect of a number of outstanding recommendations.

Resolved – (1) That, in light of the number of outstanding recommendations in respect of audits concerning Information Services, the Head of Information Services is invited to this Committee's next meeting to discuss the reasons behind the delays in implementation.

(2) That, bearing in mind the number of outstanding audit recommendations linked to the implementation of the Agresso financial, accounting and reporting software system, the Value for Money and Improvement Manager is invited to attend this Committee's next meeting to present an overview of the issues associated with that implementation.

(3) That the current method of monitoring and reporting on the implementation of audit recommendations is continued, but that for ease of reference the presentation of the information within the monitoring sheets is amended, if possible, by numbering the recommendations and grouping together outstanding recommendations which are related.

(b) Internal Audit Plan 2012-13

Further to Minute AC.138(d)/12-13, the Internal Audit Manager circulated details of progress made against the 2012-13 Internal Audit Plan for the period ended 31st December 2012. The intention was to complete all outstanding audits within the Plan by early May and present them to this Committee on 24th June 2013.

The Committee was asked to confirm whether it still wished the proposed audit of members' expenses to proceed.

Resolved – (1) That progress against the 2012-13 Internal Audit Plan is noted.

(2) That the Committee reaffirms its decision to seek an audit of members' expenses, but that authority is granted to prioritise other work ahead of the audit should the need arise.

(c) Draft Internal Audit Plan 2013-14

The Internal Audit Manager stated that the proposed Internal Audit Plan for the 2013-14 financial year would be presented to the Committee on 24th June 2013. Members were asked to put forward any issues or service areas they would wish to include in the Plan, and after a brief discussion it was

Resolved – (1) That an audit of the efficiency and effectiveness of the counter fraud initiatives within the Council is included in the draft Internal Audit Plan for 2013-14.

(2) That Members of this Committee inform the Chairman, the Interim Finance Manager and the Audit Manager of any other areas they would wish to see considered for inclusion within 2013-14 Internal Audit Plan.

AC.169

NATIONAL FRAUD INITIATIVES – AUDIT COMMISSION
BRIEFING PAPER

Further to Minute AC.155/12-13, at which it had been requested that the Corporate Head of Financial Management, in consultation with the Internal Auditor, provide a response to each question within the Audit Commission's National Fraud Initiative Checklist, the Corporate Head of Financial Management submitted a report presenting responses to each question raised within the checklist.

Resolved – That the responses to each of the questions raised within the National Fraud Initiative Checklist are noted.

AC.170

PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Internal Audit Manager submitted a paper briefing the Committee on the introduction of new standards for public sector internal audit. The standards were mandatory and would take effect from 1st April, 2013. An action plan demonstrating how the shared audit service with Harrogate Borough Council was complying / seeking to comply with the new standards had been circulated with the briefing paper.

Resolved – That the new standards for public sector internal audit and related action plan now submitted, are noted.

Minutes for Decision

- None -

Chairman.

This being the last meeting of the Committee in the current financial year, the Chairman thanked the auditors, officers and members for their attendance, support and input over the past year.