

AUDIT AND GOVERNANCE COMMITTEE

24th September 2013

Present – The Chairman (Councillor Place) and Councillors Barrett, Beck, Jaquin, Staveley, Turner and Whaites. Councillor Sutcliffe was also in attendance

Officers – Chief Executive, Corporate Head of Financial Management, Interim Finance Manager, Strategic Manager for Planning and Regeneration, Leisure Services Manager, Assets and Projects Manager and Committee Officer. The Internal Audit Manager, Martin Helm was also in attendance.

Apologies for absence were received from Councillor Moorby.

Start: 6.30pm

Finish: 8.33pm

The minutes of the Committee's meeting held on 24th June 2013 were confirmed and signed by the Chairman.

EXCLUSION OF THE PUBLIC

Resolved – That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded from the meeting during consideration of the Internal Audit review of service charges for the Belle Vue Square Offices (Marked \$) presented at Minute AC.178(a) on the grounds that it is not in the public interest to disclose the Category 3 (relates to the financial and business affairs of any particular person) exempt information therein.

Minutes for Report

AC.176

STATEMENT OF ACCOUNTS 2012-13

Further to Minute AC.173/13-14, the Interim Finance Manager reported that the Council's Statement of Accounts for 2012-13 had been completed and submitted for external audit within the required timescale. Unfortunately during the course of the external auditor's work it had come to light that there was a problem in the functioning of the asset register software and its treatment of some transactions for accountancy purposes. Following discussions with the external auditors it had been agreed that the Council should take time to examine and rectify the problem, effectively extending the audit period by a period of four weeks.

In responding to Members' questions the Interim Finance Manager expressed confidence that on the work undertaken the Council would receive an unqualified opinion on the 2012-13 accounts. She requested and, it was

Resolved – That to enable this Committee to consider the 2012-13 Statement of Accounts a special meeting is arranged for 6.30pm on Tuesday, 29th October, 2013.

AC.177

ANNUAL GOVERNANCE STATEMENT

Further to Minute AC.148/12-13, the Corporate Head of Financial Management submitted a report presenting the Annual Governance Statement for 2012/13 which would form part of the Statement of Accounts.

Members were reminded that the Council was required to publish an Annual Governance Statement explaining its arrangements for reviewing the effectiveness of its governance framework, including the system of internal control, alongside its annual statement of accounts. The Statement also summarised the governance arrangements in place and how they would be improved in the year ahead. Appendices to the Statement detailed significant governance issues outstanding at the end of 2012/13 and proposals for addressing them during the course of the current year. Progress made against the action plan would be presented to this Committee.

The draft Statement had been compiled following CIPFA guidance and would need to be signed by the Chairman of this Committee and the Chief Executive.

Resolved – (1) That, subject to it being amended to refer to current committee titles and specific target dates for implementation of action to resolve significant governance issues, the proposed Annual Governance Statement 2012/13 is approved.

(2) That a report on the position reached in updating the Council's Constitution is presented to the meeting of this Committee to be held on 11th November 2013.

AC.178

INTERNAL AUDIT

(a) Internal Audit Reports

The Internal Auditor presented copies of the audit reviews / reports listed below, which had been commissioned as part of the 2012/13 Internal Audit Plan.

- Review of Craven Pool and Fitness Centre : Cash Processes and Sportsoft Procedures.
- Report on IS Data Handling – Members of Council : Level of Assurance : None.
- Report on IS Service Desk : Level of Assurance : Good.
- \$Review of Belle Vue Square Service Charges.

In presenting the review of Craven Pool, the Internal Audit Manager stated that no evidence of fraud had been found and that the issues identified were primarily linked to employees' understanding and use of systems and administrative time available.

It was pointed out that where considered necessary responses to recommendations would be firmed up, and implementation of all recommendations within the reports now presented would be monitored through the arrangements approved at Minute AC.138(a)/12-13. Members expressed their appreciation of the quality of the audit reviews / reports now presented, and it was

Resolved – (1) That the Internal Auditor's reports are accepted.

(2) That action is taken as indicated below in respect of the Auditor's review of the cash processes and systems at Craven Pool and Fitness Centre:-

- (a) That because of the significance of the issues raised, the Director of Services is designated as the officer for ensuring that the auditor's recommendations are implemented by the officers responsible, and that he is asked to report back to this Committee's on how the issues raised in the report are to be addressed.
- (b) That this Committee is provided with clarification of the terms and conditions of the existing contract relating to the software system at Craven Pool.
- (c) That concerns raised in the report with regard to banking systems are examined immediately.
- (d) That those elements of the report / arising from it regarding data protection are referred to the Select Committee for it to consider as part of the work to be undertaken by it on data protection.

(3) That the Internal Auditor's report in respect of IS data handling by Members of Council is referred to the Select Committee for it to consider as part of the work to be undertaken by that committee on data protection.

(4) That a progress report in respect of discussions on service charges relating to the Belle Vue Square Offices is submitted to the meeting of this Committee to be held on 11th November 2013

(b) Recommendations : Implementation Monitoring

Further to Minute AC.172(a)/13-14, the Corporate Head of Financial Management submitted a report updating the Committee on the position reached with implementation of internal audit recommendations.

Resolved – (1) That outstanding audit recommendations with an agreed original target completion date prior to September 2013 are noted.

(2) That audit recommendations completed in this monitoring period are noted, and that the action taken in completing those recommendations is approved.

(3) That for future monitoring reports the Corporate Head of Financial Management is asked to adjust the reporting format so that where implementation of a recommendation has started but stalled, the amber status previously assigned indicating that work is in progress, reverts to red.

(c) Internal Audit Plan 2013/14 : Progress

Further to Minute AC.172(d)/13-14, the Internal Audit Manager submitted a report informing the Committee of work undertaken by Internal Audit in progressing the Internal Audit Plan 2013-14 and completing audits from 2012-13 in the period April to June 2013.

Resolved – That the progress report is noted.

AC.179

RISK MANAGEMENT

Further to Minute AC.167/12-13, the Corporate Head of Financial Management submitted a report updating the Committee on changes to the Council's Risk Register, including the specific detailed risk register therein for the Skipton Developments Project.

Following the most recent annual review of the Council's risk profile, a number of changes had been made to existing risks and a number had been amalgamated; two new risks had also been identified and added to the Council's risk profile, but neither had scored sufficiently high to warrant inclusion in the risk register. The risk profile now included 120 risks, of which eight scored sufficiently high enough to warrant inclusion on the risk register which was comprised of five strategic and three operational risks. The following risks had been removed from the register, but had been retained within the risk profile:-

Risk 167 – Loss of IT services – Following completion of disaster recovery site at Selby the overall score had reduced to 5.

Risk 215 – Skipton Developments – A review of the individual risk register for Skipton Developments has resulted in the amalgamation and down scoring of risks associated with Horse Close site. The overall score had reduced to 8.

The following risks had been added to the risk register:-

Risk 255 Upgraded – General capacity issues and lack of in-house expertise in coping with demands made on Information services, both externally / internally leading to inability to deliver full IT and other services. Non-compliance with legislation. The score had increased from 9 to 12.

New Risk – Tour de France – this Council fails to deliver on its responsibilities associated with the Tour de France coming through the district including additional hub activities leading to loss of reputation. Risk score 12.

A review of the Council's Risk Management Strategy and Policy Statement had not resulted in any material changes other than a change in membership of the Corporate Risk Management Group. The Committee was asked to agree the proposed changes to the risk register and after a discussion, it was

Resolved – (1) That a stand alone risk register is established for the Council's involvement with the Tour de France stages through Craven in 2014, the register to be presented to each meeting of this Committee.

(2) That a report on progress with management of the Tour de France risk is presented to this Committee in January 2014.

(3) That the summary of new risks added to the Council's risk profile is noted.

(4) That the proposed changes to the Risk Register now reported are approved.

(5) That the revised Risk Register is approved.

(6) That, subject to officer titles within the Strategy being updated, the Council's Risk Management Strategy and Policy Statement are approved as submitted.

(7) That the Skipton Developments Risk Register is noted.

(8) That in recognition of progress made and change in risk status, a stand alone risk register for the Skipton Developments Project is no longer required.

AC.180

COMMITTEE TRAINING

Resolved – (1) That a training / briefing session in respect of Member challenge to the Statement of Accounts is held prior to the Committee's special meeting on 29th October, 2013.

(2) That a training session covering the roles and responsibilities of the internal auditor and the responsibilities of audit committee members is held at 6pm on 11th November 2013, and that the start time for the meeting of this Committee scheduled for that evening is put back to 7pm.

Minutes for Decision

- None -

Chairman.