

## **AUDIT AND GOVERNANCE COMMITTEE**

24<sup>th</sup> March 2014

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

**Officers** – Chief Executive, Interim Finance Manager, Assets and Project Manager, Communications Manager and Committee Officer. External Auditors : Cameron Waddell, Director and Engagement Lead and Jon Leece, Audit Manager, Internal Audit : Martin Helm, Audit Manager were also in attendance.

Apologies for absence were received from Councillors Jaquin and Moorby.

Start: 6.30pm

Finish: 8.44pm

Councillor Staveley arrived at 6.38pm

The minutes of the Committee's meeting held on 6<sup>th</sup> January 2014 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 Minutes AC.191(B) and AC.199 below (marked\$) on the grounds that it is not in the public interest to disclose Category 3 (financial or business affairs of any particular person including the Council) exempt information therein.

### **Minutes for Report**

AC.196

#### **AUDIT STRATEGY MEMORANDUM 2013-14**

Cameron Waddell, Director and Engagement Lead with the Council's external auditors, Mazars, submitted a copy of the Audit Strategy Memorandum for 2013/14 which detailed the audit work Mazars, as the Council's external auditors, proposed to undertake in auditing the Council's 2013/14 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;
- Valuation of property, plant and equipment entries and disclosures;
- Employee retirement benefits.
- Significant deficiencies in internal control : Cash Collection.

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 £10,700 for the certification of grant claims. The actual total fee for 2012/13 had been £81,942. In commenting on the weakness highlighted within the Memorandum regarding control of cash collected from car parking machines, Members requested and received an assurance from Officers that they would be provided with an update as soon as the position was clear.

**Resolved** – That the Audit Strategy Memorandum is received.

AC.197

**RISK MANAGEMENT – TOUR DE FRANCE PROJECT**

Further to Minute AC.190/13-14, the Communications Manager submitted an updated risk register in respect of the Council's involvement in arrangements for the opening stages of the 2014 Tour de France which would pass through the District on 5<sup>th</sup> and 6<sup>th</sup> July 2014. Although there was some doubt as to the amount the Council would receive from shared funding provision, Skipton had been officially designated as a spectator hub which would enable the Council to access other funding and support.

**Resolved** – (1) That the update to the stand alone risk register for the Tour de France Project now presented, is noted.

(2) That the Communications Manager is thanked for her work in the production of the updated register.

AC.198

**INTERNAL AUDIT**

(a) Internal Audit Reports

- i. Trade Waste - The Internal Auditor presented a copy of an audit report in respect of the trade waste service's internal control framework. The audit had been assigned a good level of assurance.
- ii. Craven Pool Audit : Implementation – Further to Minute AC.187/13-14, the Internal Auditor submitted a report presenting the outcome of a review of progress made with implementation of internal audit recommendations arising from the review of processes and procedures at Craven Swimming Pool. Significant progress had been made and of the 23 recommendations, 19 had been fully implemented, three partially implemented and one had not been implemented.
- iii. Members Expenses Audit : Implementation – Further to Minute AC.191(a)/13-14, the Internal Auditor submitted a report presenting the outcome of a review of progress made with implementation of internal audit recommendations arising from the review of Members' expenses reported to the Committee in January 2014. Of the 11 recommendations, four had been fully implemented, one partially implemented and six had not been implemented.

In responding to points raised during the course of the ensuing discussion officers stated that

- Revised claim forms for mileage and subsistence should be available from 1<sup>st</sup> April 2014 and all Members would be notified, similarly all Members would be written to at the start of the new financial year reminding them of the need to submit VAT receipts with their mileage claims.
- Late claims should be dealt with in accordance with the timescale set down within the Members' Allowances Scheme ( claims in excess of two months old to be paid at the discretion of the Finance Manager, as opposed to the six months period referred to within the report now presented).
- Expenses reimbursed in respect of work undertaken by a Member on behalf of the region had been fully funded from monies lodged with the Council by the former Regional Improvement and Efficiency Partnership.
- Consideration would be given to the point now raised on how using the Trent system for managing mileage and subsistence claims, as recommend by the Auditor to improve efficiency, would fit in with the Council's requirement for Members to submit copies of their insurance certificates, driving licences or other documents . Members would be informed of the outcome

It was also pointed out that mileage and subsistence rates for Members would be considered as part of the Independent Remuneration Panel's review of the Members' Allowances Scheme which, following the recent appointment of a new Members Services Manager, would commence early in the new financial year.

**Resolved** – That the reports of the Internal Auditor now presented are received and that implementation of outstanding recommendations therein are monitored through the arrangements approved at Minute AC.138(a)/12-13.

Footnote : The due date had not, as yet, expired on a number of the recommendations made within the audit of Members 'expenses, currently shown as not having been implemented.

(b) Recommendations : Implementation Monitoring

Further to Minute AC.188(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 in the third quarter of the current financial year. Outstanding actions regarding Information Services had also been reviewed in early March 2014.

The Internal Audit Manager pointed out that the draft Internal Audit Plan for 2014/15 included provision for an audit of Information Services, outstanding recommendations relating to the Service could be checked as part of that audit to establish whether they were, or were not, still relevant.

**Resolved** – (1) That outstanding audit recommendations with an agreed original target completion date prior to January 2014 are noted.

(2) That audit recommendations completed in the third quarter of 2013/14 are noted, and that the action taken in completing those recommendations is approved.

(c) Internal Audit Plan 2013/14 : Progress

Further to Minute AC.188(b)/13-14, the Internal Audit Manager circulated details of progress made against the 2013-14 Internal Audit Plan. It was pointed out that by the end of March 2014 the actual time spent would probably be greater than the 250 days provided for within the Audit Plan, consideration would need to be given as to how additional time spent was accounted for within the overall shared service.

**Resolved** – That the progress report is noted.

(d) Draft Internal Audit Plan 2014/15

The Internal Audit Manager submitted a report presenting the draft Internal Audit Plan setting out the areas, functions or activities to be audited in the 2014/15 financial year, together with an estimate as to number of days for each audit. As in the current financial year the 2014/15 Plan provided for 250 audit days.

During the course of the ensuing discussion a Member expressed concern at the use of open quotations for the supply of goods and services, and asked that consideration be given to reviewing the Council's Contract Procedure Rules, in particular the threshold at which tenders should be invited.

**Resolved** – (1) That the draft 2014/15 Internal Audit Plan is approved, subject to the following amendments:

- a. Information Services Audit – reduce number of audit days to 25 (from 30)
- b. Officers Expenses Audit – increase number of audit days to 10 (from 5)

c. Procurement Creditor Spend Reviews – the use of open quotations to be included in the brief for this review.

(2) That officers review the Council's Contract Procedure Rules and report to this Committee in September 2014, the review to include an examination of the potential impact of a reduction in the threshold requiring formal tendering to £30,000.

\$AC.199

**BELLE VUE SQUARE OFFICES – SERVICE CHARGES**

Further to Minute AC.195 /13-14, the Assets and Projects Manager updated the Committee on progress made in respect of discussions with the building's owners on service charges relating to the Council's Belle Vue Square Offices.

**Resolved** – (1) That position in respect of discussions with the Council's landlord regarding service charges for its accommodation at Belle Vue Square is noted.

(2) That the Assets and Projects Manager submits a report on the charging mechanism within the service charges contract to the meeting of this Committee in September 2014.

**Minutes for Decision**

- None -

Chairman.