

AUDIT AND GOVERNANCE COMMITTEE

10th November 2014

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

Officers – Director of Services, Strategic Manager for Financial Services, Solicitor to the Council, VFM and Improvement Manager, Interim ICT Shared Service Manager, Interim Property Manager and Committee Officer. Martin Helm, Internal Audit Service : Audit Manager was also in attendance.

Apologies for absence were received from Councillors Beck and Whaites. Apologies had also been received from Cameron Waddell and Rochelle Tribe of the Council's External Auditors Mazars LLP.

Start: 6.30pm

Finish: 8.10pm

Councillor Mulligan arrived at 7pm

The minutes of the Committee's meeting held on 23rd June 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.215(a) and AC.216 (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.214

EXTERNAL AUDIT – ANNUAL AUDIT LETTER

Further to Minute AC.183/13-14, the External Auditors submitted their Annual Audit Letter for the 2013/14 financial year. The Letter summarised the work and findings for the 2013/14 audit and key messages arising from the audit of the Council's financial statements which indicated that,

- An unqualified opinion on the Council's 2013/14 financial statements had been issued.
- Some scope remained for improving the process for preparation of the Council's accounts.
- A control weakness in respect of car parking income identified at the interim stage of the audit had been satisfactorily addressed.
- The Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- The difficulties the Council may face in maintaining good service performance levels should not be underestimated, particularly where efficiency savings reduce capacity

The final fee for the audit, subject to confirmation of the final fee for certification work, amounted to £72,328., as compared to £80,942 for the 2012/13 audit.

Resolved – That the Annual Audit Letter for 2013/14 is accepted.

AC.215

INTERNAL AUDIT

\$a. Internal Audit Reports

The Internal Auditor presented copies of the audit reports listed below, which had been commissioned as part of the 2014/15 Internal Audit Plan, together with a report, as requested at Minute AC.209(a)/14-15, reviewing the implementation of outstanding ICT related audit recommendations.

- Museum, Gallery and Tourist Information Centre – Cash Processes and Procedures : Level of Assurance : Partial
- Officers Expenses : Level of Assurance : Good

The Interim ICT Shared Service Manager updated the Committee on the position in respect of progress made against the action plan, copies of which had been circulated with the above report of the Internal Auditor, for implementation of all outstanding ICT related audit recommendations. A further update would be presented to the Committee's meeting on 12th January 2015 as instructed at Minute AC.209(a).

Resolved – (1) 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.209(b)/14-15.

(2) That as progress against implementation of Priority One recommendations within the above partial assurance audit reports are presented to the next meeting of this Committee.

(3) That the Head of the Information Services Department is asked to attend this Committee's meeting on 12th January, 2015 to address Members on the issue of staff turnover within the Department bearing in mind concerns raised regarding data protection.

b. Recommendations : Implementation Monitoring

Further to Minutes AC.209(b)/14-15, the Strategic Manager for Financial Services submitted a report updating the Committee on the position reached with implementation of internal audit recommendations in the second quarter of the current financial year.

Resolved – (1) That audit recommendations completed in the second quarter of 2014/15 are noted, and that the action taken in completing those recommendations is approved.

(2) That outstanding audit recommendations with an agreed original target completion date prior to October 2014 are noted.

c. Internal Audit Plan 2014-15 : Progress

Further to Minute AC.209(c)/14-15, the Internal Audit Manager submitted a report updating the Committee on progress made in the second quarter against the 2014/15 Internal Audit Plan and against improvement actions from the assessment of the shared internal audit service produced by Mazars and presented to the Committee in June 2014.

As at the end of September 2014 a total of 160 days had been spent on audit work for Craven and monitoring arrangements had been put in place to ensure that the overall provision of 250 days was not exceeded.

Resolved – That the content of the Internal Audit Manager’s report and progress against the current internal audit plan and audit service improvement plan is noted.

\$AC.216

BELLE VUE SQUARE SERVICE CHARGES

Further to Minute AC.199/13-14, the Director of Services submitted a report presenting details of the charging mechanism within the service charges contract for the Council’s accommodation at Belle Vue Square, together with a breakdown of the service charges for 2011/12, 2012/13 and 2013/14 as at 19th September 2014. (Note : Each 12 month period ran from 1st December to 30th November.)

During the course of the ensuing discussion Members requested clarification of / challenged a number a figures within the breakdown of costs.

Resolved – (1) That the Director of Services’ report is noted.

(2) That the Director of Services submits a report to the meeting of this Committee to be held on 12th January 2015 providing the clarification requested, and responding to points raised by Members in respect of the service charges contract for the Council’s accommodation at Belle Vue Square, Skipton.

Minutes for Decision

AC.217

CONTRACT PROCEDURE RULES – FRAMEWORK AGREEMENTS

The Strategic Manager for Financial Services submitted a report seeking agreement to minor amendments to the Council’s Contract Procedure Rules (CPRs) so as to provide clarity and remove potential conflict between Rule CPR2 which dealt with the scope and application of the Procedure Rules, and an anomaly within the wording of CPR3, which controlled the use of framework agreements.

As currently worded Contract Procedure Rule 3 precluded the use of any framework which had been let for a period greater than four years, contrary to current European Public Contract Regulations which stated that a longer term may be granted in exceptional circumstances.

RECOMMENDED – That, to provide clarity on the use of framework agreements in the tendering of goods and services, revised Contract Procedure Rules CPR2 and CPR3, as now submitted and re-produced at the Appendix to these minutes, are approved.

Chairman.

Appendix

Audit and Governance Committee

10th November 2014

Minute AC.217 : Contract Procedure Rules – Framework Agreements

Revised Rules

CPR 2 Scope and Application

- 2.1 These Procedure Rules shall apply to any Contract, with the exceptions listed in CPR 2.2, and also to the nomination of sub-contracts under any such Contract (whether in each case the Council is contracting or nominating on its own behalf or wholly or partly on behalf of others).
- 2.2 These Procedure Rules do not apply to transactions of the following types save for CPR3 which applies to (d) and (i).
 - a) Purchases or sales by auction or at public fairs or markets;
 - b) Contracts for the sale or purchase of land;
 - c) Contracts for the engagement of Counsel, or for the engagement of external Solicitors to represent the Council in specified legal proceedings;
 - d) Orders placed under a corporate contract arranged by a central purchasing unit or department (where applicable);
 - e) Contracts with statutory undertaking(s) for work which only they can carry out;
 - f) Contracts of employment;
 - g) Orders placed with such consortia as may be approved by the Council provided it is satisfied that the purchasing arrangements of the consortia in question comply with EU and UK legislation and provide value for money;
 - h) Contracts formalising the funding of particular voluntary sector bodies where the purpose of the contract is to establish the general conditions whereby the body may be funded by the Council.
 - i) Contracts entered into through collaboration with other local authorities or other public bodies, where a competitive process has been followed that complies with the contract procedure rules of the Lead Authority. However, advice must be obtained from the Strategic Manager Legal and Democratic Services or the Chief Financial Officer as appropriate.
- 2.3. All employees of the Council and firms/advisors employed to act in any capacity to manage or supervise a Contract must comply with these Procedure Rules and with the Council's Financial Procedure Rules and Chief Officers and the Responsible Officer must ensure such compliance in the contracting area for which he/she is responsible.
- 2.4 Officers must consult the Legal Services Manager or Chief Financial Officer as appropriate for legal and financial advice.
- 2.5 These rules will apply equally where the supply of works, goods or services is provided by Consultants/Contractors and on completion of the relevant contract the Consultant/Contractor will promptly deliver all appropriate documents and records to the Responsible Officer

CPR 3 Collaborative Arrangements and use of Framework Agreements

- 3.1 In order to secure value for money, the Council may enter into collaborative procurement arrangements. Where appropriate before the invitation of tenders and quotations, the Responsible Officer must first consider whether it is possible to use a partnership contract or a framework agreement for purchasing the time and costs of undertaking a competitive process can be significant. Where the estimated value of the proposed contract is above the relevant EU financial threshold, officers must ensure that the requirements of the EU Procurement Regime have been met by the Lead Authority.
- 3.2 The term of a framework agreement should normally not exceed four years. However, a longer term may be granted in exceptional circumstances. The framework can be a single provider or multi provider. In the case of multi provider there must be an intention to appoint at least three suppliers.
- 3.3 Contracts based on Framework Agreements may be awarded by either:
- Applying the terms laid down in the Framework Agreement (where such terms are sufficiently precise to cover the particular call-off) without re-opening competition, or
 - Where the terms laid down in the Framework Agreement are not precise enough or complete for the particular call-off, by holding a mini competition in accordance with the following procedure:
 - Inviting the organisations within the Framework Agreement, that are capable of executing the subject of the contract, to submit written tenders in accordance with these Contract Procedure Rules
 - Fixing a time limit which is sufficiently long to allow tenders for each
 - specific contract to be submitted, taking into account factors such as the
 - complexity of the subject matter
 - awarding each contract to the tenderer who has submitted the best tender on the basis of the award criteria set out in the specifications of the Framework Agreement.

-o-o-O-o-o-