

**AUDIT AND GOVERNANCE COMMITTEE**

22<sup>nd</sup> June 2015

**Present** – The Chairman (Councillor Harbron) and Councillors Barrett, Baxandall, Brockbank, Hull, Lis, Madeley and Place. Independent Person : Greg Robinson.

**Officers** – Chief Executive, Strategic Manager for Financial Services, Solicitor to the Council and Committee Officer. Martin Helm, Internal Audit Service : Audit Manager and Kim Betts, Principal Auditor were also in attendance.

Note : In light of the change in membership of the Committee, Cameron Waddell, Director and Engagement Lead Mazars LLP attended and presented the 2015/16 Audit Strategy Memorandum prior to the start of the meeting. The Memorandum had originally been presented to the Committee in March 2015 (Minute AC.227/14-15 refers).

Apologies for absence were received from Councillor Dawson and Councillor Myers, Lead Member for the Skipton Town Hall Project.

Start: 6.55pm

Finish: 8.32pm

The minutes of the Committee's meeting held on 30<sup>th</sup> March 2015 were confirmed and signed by the Chairman.

**Minutes for Report**

AC.231

**SKIPTON TOWN HALL PROJECT – RISK REGISTER**

Further to Minute AC.228/14-15, the Chairman welcomed the Director of Services who had been invited to the meeting to discuss the position in respect risks identified within the stand alone risk register for the Town Hall Project.

In addressing the Committee the Director stated that Phase One was almost completed and negotiations were progressing well with two potential tenants. An experienced Heritage Lottery Fund Project Officer had been recruited to prepare the Council's bid (£2,000,000) to the Heritage Lottery Fund for the next phase of the project, namely refurbishment of the museum and main concert hall. If the bid failed consideration could be given to resubmission, and work was being undertaken to identify other potential sources of funding. Failure to secure lottery funding or funding from other sources would mean the project would not be completed at this time, this risk had been mitigated to some degree by the recruitment of experienced personnel.

The Committee would continue to receive periodic updates on the risk register.

AC.232

**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.

- Council Tax and Non Domestic Rates 2014-15 : Level of Assurance : Good
- Housing Benefits 2014-15 : Level of Assurance : Significant
- Payroll : Level of Assurance : Significant

During the course of the ensuing discussion Members raised a number of general points regarding presentation in terms of the need for consistency in how reports reflected previous audit reports / recommendations on the service area in question; it was similarly suggested that more background information may be helpful in explaining the position and changes. The Strategic Manager for Financial Services stated that the Head of Service would provide a written response to questions raised regarding performance data within the Housing Benefits report

**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.

b. Recommendations : Implementation Monitoring

Further to Minute AC.188(a)/13-14, the Strategic Manager for Financial Services submitted a report updating the Committee on the position reached with implementation of internal audit recommendations in the final quarter of the 2014/15 financial year. In responding to Members' comments in respect of implementation of outstanding recommendations concerning data handling, the Chief Executive suggested and, it was

**Resolved** – (1) That the Information Governance Officer is invited to attend this Committee's next meeting to explain the position reached with implementation of the Information Governance project.

(2) That outstanding audit recommendations with an agreed original target completion date prior to June 2015 are noted.

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

c. Annual Internal Audit Report 2014-15

The Internal Audit Manager submitted the Annual Internal Audit Report highlighting key findings and conclusions from the work undertaken by the Internal Audit Service in the 2014/15 financial year.

Under public sector internal audit standards the Internal Auditor was required to give an overall opinion on the adequacy and effectiveness of the Council's risk management, governance arrangements and internal controls. On each of these three areas the opinion was as follows:-

- Risk Management : The Council had adequate arrangements in place with risk management embedded within the Authority.
- Governance : Generally speaking, adequate and effective arrangements were in place, although there were still concerns regarding information technology (IT) and the Council's arrangements for information governance. Those concerns were now being addressed but recent high turnover in management staff within the IT Department had a negative impact on governance in that area..
- Internal Controls : Fundamentally sound systems of internal control were generally in place.

An appendix circulated with the Audit Manager's report presented details of the position in respect of each audit within the 2014-15 plan. Only one audit (resource resilience) remained outstanding; the report would be presented to the Committee's next meeting.

**Resolved** – That the Annual Internal Audit Report for the 2014/15 financial year is noted.

d. Internal Audit : Effectiveness

The Internal Audit Manager submitted a report presenting the outcome of a review of the effectiveness of the Council's internal audit service, together with the evidence collected, which had concluded that the service was effective. During the course of the past year all actions within an improvement action plan generated by the external assessment of the Internal Audit Service undertaken by Mazars (Minute AC.200/14-15 refers) had, with one exception, been completed. The one outstanding action was to carry out an assurance mapping exercise, that exercise would be undertaken as part of the planning process leading to the 2016/17 audit plan.

It was pointed out that an annual review of the effectiveness of the internal audit service was required by the Accounts and Audit (England) Regulations 2011, however, for future years the requirement had been replaced by a requirement to review the system of internal control. The Council would need to consider how it intended to carry out that review.

**Resolved** – That the Committee agrees with the view that the Internal Audit Service is effective overall, and that the Chairman is authorised to sign the required certificate to that effect.

AC.233

**ANNUAL GOVERNANCE STATEMENT 2013-14**

Further to Minute AC.203/14-15, the Strategic Manager for Financial Services submitted a report presenting the draft Annual Governance Statement for 2014/15 which would form part of the Annual Statement of Accounts 2014/15.

The Statement explained the Council's arrangements for reviewing the effectiveness of its governance framework, including the system of internal control, alongside its annual statement of accounts. It 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 2014/15 and proposals for addressing those issues during the course of the current year.

The draft Statement had been compiled following CIPFA guidance.

**Resolved** – That the draft annual Governance Statement 2014/15 is approved.

AC.234

**CONTRACT PROCEDURE RULES - EXEMPTIONS**

Further to Minute AC.194(b)/13-14, the Strategic Manager for Financial Services submitted a report presenting a summary of exemptions granted from the Council's Contract Procedure Rules in the period January to June 2015. Seven exemptions had been granted in the period.

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

AC.235

**PROPOSED TRAINING PLAN – COMMITTEE MEMBERS**

Further to Minute AC.228/14-15, the Strategic Manager for Financial Services submitted a report seeking Members' views on a proposed training plan for members of the Committee.

With Members' agreement the intention would be to spread the training over a period of time using a mix of short pre-meeting sessions and half day / evening sessions possibly covering more than one topic. Some sessions could be delivered internally with assistance from external and internal audit, whereas others would need external assistance.

**Resolved** – That the proposed training plan is noted, the first session covering financial reporting and understanding the Council's accounts to be held prior to the Committee's meeting on 29<sup>th</sup> September, 2015.

AC.236

**MEETINGS – START TIME**

**Resolved** – That for the remainder of the current municipal year, meetings of this Committee continue to start at 6.30pm.

**Minutes for Decision**

- None -

Chairman.

Retirement : Martin Helm, Audit Manager Internal Audit Service - The Chairman was joined by the former Chairman, Councillor Place, in thanking and paying tribute to Martin Helm, Audit Manager for the shared internal audit service, who would be retiring before the Committee's next ordinary meeting.