

**AUDIT AND GOVERNANCE COMMITTEE**

29<sup>th</sup> September 2015

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

**Officers** – Chief Executive, Strategic Manager for Financial Services, Solicitor to the Council and Committee Officer. Cameron Waddell, Director and Engagement Lead, Mazars LLP and Nicola Hallas, Assistant Manager, Mazars LLP also attended for the Committee’s consideration of the matters at Minutes AC.240 and AC.241 below.

Apologies for absence were received from Councillors Dawson, Hull and Madeley.

Start: 6.35pm

Finish: 7.52pm

The minutes of the Committee’s meeting held on 22<sup>nd</sup> June 2015 were confirmed and signed by the Chairman.

**Minutes for Report**

AC.237

**INFORMATION GOVERNANCE PROJECT**

Further to Minute AC.232(b)/15-16, the Chairman welcomed the ICT and Transformation Manager, and Information Governance Officer who, bearing in mind the number of related outstanding internal audit recommendations, had been invited to the meeting to brief the Committee on the position reached with the Information Governance Project.

In addressing the Committee and responding to Members’ questions, the ICT and Transformation Manager, and the Information Governance Officer summarised the work being undertaken in the production of an Information Technology Strategy. Sub-themes within that Strategy would cover business continuity / security and information management and governance, including an information governance strategy. Introduction of an information governance and management framework based on proven frameworks used elsewhere would give Members and officers the knowledge they required in managing data held by the Council.

Progress made against the outstanding audit recommendations was reported at Minute AC.238 below, and the Information Governance Officer expressed the view that all outstanding recommendations relating to data handling would be resolved within the current financial year.

In drawing the discussion to a close the Chairman thanked both officers for their attendance and indicated that he looked forward to receiving a further update at the Committee’s next meeting, including revised implementation dates for both IT related and other outstanding internal audit recommendations.

AC.238

**INTERNAL AUDIT RECOMMENDATIONS - IMPLEMENTATION  
MONITORING**

Further to Minute AC.232/15-16, the Strategic Manager for Financial Services submitted a report updating the Committee on the position reached with implementation of internal audit recommendations in the first quarter of the current financial year.

During the course of the ensuing discussion it was suggested that the Committee's primary focus should be on those outstanding recommendations which carried the greatest risk, and that the report presented should perhaps reflect that focus. It was therefore proposed and

**Resolved** – (1) That audit recommendations completed in the first quarter of 2015/16 are noted, and that the action taken in completing those recommendations is approved.

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

(3) That, to enable the Committee to focus on those recommendations which failure to implement poses a higher level risk or threat, delegated authority is granted to the Strategic Manager for Financial Services, in consultation with the Chairman, to review the list of outstanding audit recommendations presented with a view to identifying and removing those which carry a low level of risk; the outcome of this exercise to be reported to the Committee's next meeting.

AC.239

### **FINANCIAL DELEGATION TO OFFICERS - WORKING GROUP**

Further to Minute CL.794/14-15, the Solicitor to the Council submitted a report asking the Committee, to appoint a working group to carry out a review of the levels of financial delegation to officers.

**Resolved** – (1) That a politically proportionate working group comprised of five members of this Committee is established with terms of reference to review the levels of delegation to officers within the Council's Constitution.

(2) That Councillors Barrett, Dawson, Hull, Lis and Place are appointed to the above working group, any changes to the Conservative Group Members to be agreed by the Group's Membership of this Committee.

AC.240

### **STATEMENT OF ACCOUNTS 2014-15**

Further to Minute AC.208/14-15, the Strategic Manager for Financial Services submitted a report presenting the Council's audited Statement of Accounts for 2014/15, together with explanatory notes to the core financial statements therein. Details of minor corrections to the Statement were reported at the meeting. The following points within the accounts highlighted major movements in the Statement for 2014/15 as compared to 2013/14:-

Net cost of services had decreased by £272,000 to £5,487,000 (2013/14 £5.759m).

There was a surplus on the provision of services of £1,105,000 (2013/14 £671,000).

Total reserves had decreased by £3,361,000 to £8,125,000 (2013/14 £11.486m).

The General Fund Balance had been maintained at £1,030,000.

Earmarked reserves had increased by £1,589,000 to £5,615,000 (2013/14 £4.056m).

The Strategic Manager reminded members that at Minute AC.233/15-16, the Committee had approved the draft Annual Governance Statement for 2014/15, that statement had been re-produced as an appendix to the Statement of Accounts.

It was pointed out that the accounts had been made available for public inspection from 13<sup>th</sup> July to 7<sup>th</sup> August 2015; no queries had been received. The Strategic Manager thanked Mr Waddell and his audit team for their assistance during the closedown of the Council's accounts.

**Resolved** – That, subject to the minor corrections now reported, the audited Statement of Accounts for 2014/15 are approved.

AC.241

### **EXTERNAL AUDIT – AUDIT COMPLETION REPORT**

Further to Minute AC.207/14-15, the Chairman welcomed Cameron Waddell, Director and Engagement Lead, of Mazars LLP who was accompanied by Nicola Hallas, Assistant Manager, also of Mazars, the Council's external auditors. Mr Waddell was invited to present the Audit Completion Report for the year ended 31<sup>st</sup> March 2015, copies of which had been circulated.

Mr Waddell summarised the report's key findings and indicated that the audit had not identified any material issues that he would need to bring to the Committee's attention and that he would be able to issue unqualified opinions in respect of both the statement of accounts and the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources. He thanked officers and the Committee for their co-operation over the course of the year.

Mr Waddell also circulated a letter confirming that matters indicated as outstanding within the completion report had now been resolved and there were no related issues of concern to report.

**Resolved** – (1) That the Audit Completion Report for the year ended 31<sup>st</sup> March 2015 is accepted

(2) That the required Management Representations Letter in respect of the audit is approved for signing by the Section 151 Officer and submission to Mr Waddell.

(3) That the External Auditors and the Financial Services Team are thanked and complimented on the work undertaken by them over the course of the last financial year.

### **Minutes for Decision**

AC.242

### **CONTRACT PROCEDURE RULES - REVIEW**

Further to Minute AC.221/14-15, the Strategic Manager for Financial Services submitted a report seeking agreement to changes to the Council's Contract Procedure Rules (CPR) insofar as exemptions and limits on quotations / tender values were concerned.

The Strategic Manager explained that a more in depth review of the rules would be undertaken in due course to reflect changes required as a consequence of the 2014 European Union Procurement Directive, but for the meantime the following changes were proposed:-

CPR 6 Exemptions from Contract Procedure Rules : Delete exemption option 6.2(e) Despite seeking the relevant number of quotations, insufficient quotations have been obtained. The option was not actually required as the situation was covered by CPR 7.6.

CPR 7 Requirement to Obtain Quotations or Tenders. Changes made to the Contract Procedure Rules in January 2013 had introduced revised financial limits on quotations, however experience had shown that the reduced limits were adversely affecting working practices, rendering them impractical and hindering the ability to generate procurement efficiencies rather than aiding. Having examined limits operated by the other North Yorkshire Authorities and sought advice from the North Yorkshire Procurement Partnership, the following changes to limits were proposed

- (a) £5,000 or less may be made without written competitive quotations as long as the contract is not part of a larger contract and the responsible officer maintains a written record of any quote received; (limit currently £1,000 or less)
- (b) Over £5,001 but not exceeding £30,000 may be made after obtaining two written competitive quotations as long as the Contract is not part of a larger contract; (limit currently £1,000 but not exceeding £5,000)
- (c) Over £30,001 but not exceeding £50,000 may be made after obtaining at least three written quotations; (limit currently £5,000 but not exceeding £20,000)
- (d) Over £50,000 must go out to tender. (limit currently £20,000 but not exceeding £50,000 after obtaining at least four written quotations (*note : reference to four quotations not included in proposed rules*), above £50,000 must go out to tender)

The Council's Financial Procedure Rules would be reviewed to ensure that they were in accordance with the changes proposed to the Contract Procedure Rules should they be adopted, and the Chairman asked that points raised on other aspects of the Rules be taken into account when the more in-depth review was carried out.

**RECOMMENDED** – That, the proposed changes to Contract Procedure Rules 6 and 7, as now submitted and re-produced above, are approved.

Chairman.