

AUDIT AND GOVERNANCE COMMITTEE

11th January 2015

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

Officers – Chief Executive, Strategic Manager for Financial Services, Solicitor to the Council, Audit Services Manager, Business Services Manager, Economic Development Manager and Committee Officer.

Start: 6.30pm

Finish: 7.55pm

Councillor Lis left the meeting at 7.25pm

The minutes of the Committee's meeting held on 9th November 2015 were confirmed and signed by the Chairman.

Urgent Item : The Chairman agreed that the following item should be taken as urgent business for the reason stated.

Minute AC.251 – External Audit : Annual Certification of Grant Claims and Returns – to enable the External Auditor's report to be presented within the required timeframe.

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.249(b) and (c) and AC.250 (marked \$) below on the grounds that it is not in the public interest to disclose the Category 3 exempt information (financial or business affairs of any particular person including the Council).

Minutes for Report

AC.248

INTERNAL AUDIT

a. Internal Audit Reports

The Internal Audit Services Manager presented copies of the audit reports listed below, which had been commissioned as part of the 2015/16 Internal Audit Plan.

- Bereavement Services : Level of Assurance : Partial
- Building Control : Level of Assurance : Partial
- Grants : Level of Assurance : Partial : Significant

The Strategic Manager for Financial Services reminded Members that in preparing the Internal Audit Plan it had been agreed that the focus would be placed on risk based auditing looking at service audits and reviews, combined with a rolling programme of annual financial system audits. The three reports now presented reflected that change in focus, being the first service based audits presented, as opposed to system based audits, for some time.

During the course of the ensuing discussion, Members commented on what appeared to be a recurring theme within audit reports regarding the segregation of duties and the need to update procedures. In response the Chief Executive stated that by their nature segregation of duties within

small authorities often presented challenges, the work of internal audit in challenging procedures provided a valuable resource and managers' attention would be drawn to these findings as highlighted by the reports now presented.

Resolved – That the reports of the Internal Auditor now presented are received and that implementation of recommendations within those reports are monitored through the arrangements approved at Minute AC.244(b)(i)/15-16.

b. Recommendations : Implementation Monitoring

Further to Minute AC.244(a)/15-16, the Strategic Manager for Financial Services submitted a report updating the Committee on the position reached with implementation of Priority One internal audit recommendations

Resolved – (1) That the position in respect of implementation of Priority One internal audit recommendations is noted.

(2) That the Strategic Manager for Financial Services is asked to include the new target implementation dates within future monitoring reports.

(3) That the ICT and Transformation Manager is asked to attend the Committee's next meeting to update Members on progress made with implementation of recommendations concerning data handling and governance.

AC.249

CONTRACT PROCEDURE RULES – EXEMPTIONS

a. Exemptions Granted

Further to Minute AC.234/15-16, 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 July to December 2015. Five exemptions had been granted in the period.

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

\$b. Works to 17/19 High Street Skipton

The Director of Services submitted a report seeking the Committee's approval to an exemption from contract procedure rules so as to enable landlord works to be carried out to 17/19 High Street, Skipton by contractors to be appointed by the prospective tenant.

In line with standard commercial landlord practice the Council was required to undertake works to 17/19 High Street, Skipton to provide a suitable shell for the incoming tenant. As the prospective tenant would be appointing a construction company to complete their fit out works it would be beneficial to the Council that the same contractor be used to undertake both the landlord and tenant works negating the risk of incompatibility or disproportionate technical differences from having different contractors. To demonstrate value for money the tenant would seek tenders from a minimum of three suppliers, including one nominated by the Council.

Granting an exemption would both enable reduced procurement and set up costs, and facilitate completion of the works within the prospective tenant's required timescale.

Resolved – That an exemption under Clause 6.4 of the Council's Contract Procedure Rules is approved to enable landlord works to be carried out at 17/19 High Street, Skipton as now requested.

\$c. Engineering Support

The Strategic Manager for Planning and Regeneration submitted a report seeking the Committee's approval to an exemption from contract procedure rules so as to allow the Council to enter into an arrangement with Pendle Borough Council for the provision of civil engineering services to support the Economic Development Team in the development and delivery of capital projects.

The Strategic Manager's report explained that given the limited opportunities for economies of scale based on the volume of the work and the budget available, it had been proposed that a collaborative arrangement with another local authority, such as Pendle Borough Council, would be the most appropriate way forward, as opposed to the procurement route.

To demonstrate value for money a benchmarking exercise has been carried out comparing average rates charged by consulting engineering firms from the private sector with the cost of using the civil engineering team for Pendle Borough Council. Details of the outcome of that exercise had been circulated with the manager's report.

Resolved – That an exemption under Clause 6.4 of the Council's Contract Procedure Rules is approved to enable the Council to enter into an agreement with Pendle Borough Council for the provision of civil engineering services.

\$AC.250

RISK MANAGEMENT

Further to Minute AC.247/15-16, the Strategic Manager for Financial Services submitted a report updating the Committee on changes to the Council's corporate risk register and progress against actions intended to mitigate the risks thereon.

The risk profile was now comprised of 121 risks, of which fourteen scored sufficiently high enough to warrant inclusion on the corporate risk register. The following risk had been added to the corporate register since the register was last presented to the Committee in November 2015

Bereavement Services : deteriorating state of repair of open and closed cemeteries including crematorium – footpaths, boundary walls and trees.

The Committee was asked to agree the proposed change to the risk register and note progress against the action plans. In drawing the discussion to a close the Chairman asked that points now raised during the course of the Committee's discussion be taken on board in reviewing the risk register and its presentation to future meetings.

Resolved – (1) That the updated corporate risk register is approved as now submitted, and progress against actions to mitigate risks therein noted.

(2) That to facilitate the reporting of progress against the risk action plans, consideration is given to the scheduling of meetings of the Committee within the Calendar of Meetings and the process for updating the risk register.

AC.251

EXTERNAL AUDIT - ANNUAL CERTIFICATION OF GRANT CLAIMS AND RETURNS

Further to Minute AC.218/14-15, the Strategic Manager for Financial Services submitted the External Auditor's annual report regarding the certification of the Council's housing benefit subsidy return for 2014/15.

Testing carried out had identified errors totalling £241, on a total grant claim amounting to £9,751,532; in accordance with audit practice a qualification letter had therefore been issued to the

Craven District Council

Department for Work and Pensions.

Total fees charged for the certification work had amounted to £12,670.

Resolved – That the annual External Auditor's report in respect of certification of the Council's grant claims and returns for 2014/15 is accepted.

Minutes for Decision

- None -

Chairman.