

AUDIT AND GOVERNANCE COMMITTEE

20th June 2017

Present – The Chairman (Councillor Harbron) and Councillors Barrett, Brockbank, Hull, Mercer, Place, and Whitaker.

Officers – Chief Executive, Solicitor to the Council, Audit Services Manager and Committee Officer.

Apologies for absence were received from Councillor Lis and the Independent Person, Greg Robinson.

Start: 6.30pm

Finish: 8.28pm

The minutes of the Committee's meeting held on 14th March 2017 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.285, AC.290(d) and AC291, (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.285

**INFORMATION MANAGEMENT AND GOVERNANCE
STRATEGY DELIVERY PLAN - UPDATE**

Further to Minute CL.892(c)/15-16, at which Council had adopted an information management and governance strategy for the period 2016-2018, together with an associated delivery plan, the Chief Information Officer submitted a report presenting details of progress made against the delivery plan.

Members were reminded that the Management and Governance Strategy had identified 10 objectives intended to raise the level of compliance with prevailing legal, government and industry best practice in the management of information across the Council over the Strategy period. The plan for delivery of those 10 objectives contained 36 individual actions and to date good progress had been made with a number of completed actions being revisited to ensure the Authority remained compliant. In summary progress made against the delivery plan was as follows:-

- Action Status : Green (Low risk / work on track) 16 commenced
- Action Status : Amber (Medium risk / needs development) 7 commenced
- Action Status : Red (High risk / immediate action required) 0
- Not started : 2
- Completed : 11

In presenting his report the Information Officer pointed out that implementation of the General Data Protection Regulation would bring significant changes in the management of personal data across all organisations within the European Union, including the UK, with effect from 25th May 2018; an

implementation plan had been developed, so as to ensure that the Council's activities across all services would be compliant.

Resolved – That progress made against the information management and governance strategy delivery plan is noted.

AC.286

LOCAL CODE OF CORPORATE GOVERNANCE

Further to Minute AC.109/11-12, the Strategic Manager for Financial Services submitted a report seeking adoption of an amended Local Code of Governance.

Members were reminded that the Local Code described how the Council would seek to comply with the principles of good governance as set out in the Delivering Good Governance in Local Government Framework developed by the Chartered Institute of Public Finance and Accountancy, the Society of Local Authority Chief Executives and Senior Managers. The Framework had been updated in April 2016, and the principles therein were now as follows:-

- Principle A – Behaving with integrity demonstrating strong commitment to ethical values and respecting the rule of law
- Principle B – Ensuring openness and comprehensive stakeholder engagement
- Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes
- Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle F – Managing risks and performance through robust internal control and strong public financial management
- Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council's existing Code had been adopted in September 2011 and bearing in mind the updated Framework and explicit reference within the Annual Governance Statement to the Code and core principles, it was recommended and, after a discussion

Resolved – (1) That the amended Local Code of Governance, as now submitted, is approved, subject to deletion of reference to the Parish Clerks Forum and to consideration being given by the Strategic Manager to inclusion, where appropriate, of reference to the Armed Forces Covenant.

(2) That Members contact the Value for Money and Improvement Manager with any general queries regarding the content of the Code, details of those queries and response(s) provided to be forwarded to all members of this Committee.

AC.287

DRAFT ANNUAL GOVERNANCE STATEMENT 2016-17

Further to Minute AC.233/16-17, the Strategic Manager for Financial Services submitted a report presenting the draft Annual Governance Statement for 2016/17.

The Statement provided public assurance that the Council had a sound system of internal control, designed to help manage and control risks that would impede the achievement of its objectives, it also made clear how priorities had been set and monitored. Appendices to the Statement also detailed significant governance issues outstanding at the end of 2016/17 and proposals for addressing those issues during the course of the current year.

Both the Chairman of this Committee and the Chief Executive were required to sign the Statement which, as in previous years, would form part of the Annual Statement of Accounts 2016/17 to be presented to the Committee in September 2017.

Resolved – That the draft Annual Governance Statement 2016/17 is approved,

AC.288

MEMBER WARD GRANTS

Further to Minute POL.716/15-16, the Chief Executive submitted a report presenting a summary of projects awarded Member Ward Grants in 2016-17, and the spread of those grants across the District compared to those awarded under the former community grants scheme in the period 2010 to 2015.

It was pointed out that Member Ward Grants would be the subject of an audit to be carried out under the 2017-18 Internal Audit Plan.

Resolved – That the Chief Executive's report is noted.

AC.289

CONTRACT PROCEDURE RULES - EXEMPTIONS

Further to Minute AC.194(b)/13-14, the Strategic Manager for Financial Services submitted a report presenting details of an exemption granted from the Council's Contract Procedure Rules in the period February to June 2017.

The exemption had been authorised to enable an arrangement to be entered into with Horton Housing for delivery of a joint rough sleeper project as part of the Council's Homelessness Prevention Project. (Minute POL.830/17-18 refers)

Resolved – That the exemption granted from the Council's Contract Procedure Rules is noted.

AC.290

INTERNAL AUDIT

a. Recommendations : Implementation Monitoring

Further to Minute AC.270(a)/16-17, the Strategic Manager for Financial Services submitted a report updating the Committee on the position reached with implementation of Priority One internal audit recommendations where the original completion date was prior to June 2017. Details of all recommendations, nineteen in total, completed in the monitoring period were also reported, together with a summary of the position in respect of the number of Priority Two and Three recommendations outstanding.

During the course of the Committee's discussion Members repeated their ongoing disquiet at the time being taken to implement a priority one recommendation concerning Bereavement Services in respect of access levels to the payments system, it was proposed and

Resolved – (1) That the Business Services Manager is asked to attend this Committee's meeting to be held on 26th September 2017 to respond to Members' concerns regarding implementation of outstanding Priority One recommendation IA 16/17 245 - Bereavement Services.

(2) That the position in respect of implementation of internal audit recommendations is noted, and that action taken in completing Priority One, Two and Three audit

recommendations in the monitoring period is approved.

b. Annual Internal Audit Report 2016-17

The Audit Services Manager submitted the Annual Internal Audit Report highlighting key findings and conclusions from the work undertaken by the Internal Audit Service in the 2016/17 financial year.

The Audit Services Manager reminded Members that 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. Based on the audit work undertaken during 2016/17, her opinion was that the Council's framework of governance, risk management and internal control was satisfactory and operating effectively in practice.

Within the year, nine out of eleven audits (82%) had been assigned either a significant or good assurance score on the control environment in place. This represented a substantial improvement from the position reported in 2015/16 (67%); 2014/15 (71%) and 2013/14 (73%). At the end of the year, four audits had been in progress and these would be presented to the Committee in due course.

Resolved – That the Annual Internal Audit Report, including the auditor's opinion, for the 2016/17 financial year is noted.

c. Draft Internal Audit Plan 2017/18

Further to Minute AC.283(b)/16-17, the Audit Services Manager submitted a report presenting a revised draft Internal Audit Plan for the 2017/18 financial year, together with a summary of all audit work undertaken in the period April 2015 to March 2017.

As indicated at Minute AC.283(b) an audit of the Council's arrangements in respect of agency and contract staff, had been added to the Plan in lieu of a further audit of Building Control, and that having reviewed the audits carried out in the previous two years it was now recommended that an audit of car parking income be carried out utilising 12 audit days carried forward from 2016/17, with any additional time required for the audit drawn from the pool of contingency days.

Resolved – That the revised draft 2017/18 Internal Audit Plan, as now submitted and amended by a reduction in the number of days proposed for the audit of Member Ward Grants from ten to five, is approved, the five days made available by this reduction to be retained as contingency provision.

\$d. Internal Audit Reports

The Internal Audit Services Manager presented copies of the audit reports listed below, which had been commissioned as part of the 2016/17 Internal Audit Plan.

- \$Licensing : Level of Assurance : Partial
- \$Pool Income 2016/17 : Level of Assurance : Good
- \$National Fraud Initiative : Level of Assurance : Good

The Audit Services Manager pointed out that a National Fraud Initiative exercise was carried out every two years, that carried out in 2014/15 had resulted in the Council recovering £19,023. The 2016/17 exercise results had been released by the Cabinet Office on 29th January 2017 and it was understood work had now commenced in reviewing the data received.

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

\$AC.291

RISK MANAGEMENT

Further to Minute AC.284/16-17, the Strategic Manager for Financial Services submitted a report updating the Committee on progress against actions intended to mitigate risks within the Council's risk register, and presenting the outcome of the review of the Council's risk profile.

Although nine changes had been made to the Council's risk profile, the total number of risks listed therein still amounted to 121, with 29 identified as corporate risks, of which five scored sufficiently high enough to feature on the risk register. That register was comprised of four strategic and one operational risk.

In reviewing the risk profile the opportunity had also been taken to update the Council's risk management strategy; copies of the updated strategy had been circulated with the Strategic Manager's report.

Resolved – (1) That the updated Risk Management Strategy and corporate risk register, as now submitted, are approved.

(2) That changes to the Council's risk profile and progress made against actions to mitigate corporate risks are noted.

(3) That the Strategic Manager for Financial Services discusses with the Chairman, Vice-Chairman and Councillor Hull arrangements for a risk management workshop with the Committee's membership.

AC.292

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

AC.293

ANTI-FRAUD AND CORRUPTION POLICY STATEMENT AND STRATEGY

Further to Minute AC.279/16-17, the Strategic Manager for Financial Services submitted a report presenting a revised anti-fraud and corruption strategy and a proposed anti-fraud and corruption policy statement.

Members were reminded that in 2016 Internal Audit had undertaken a review of the Council's arrangements for the prevention of fraud via a benchmarking exercise against CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption. That piece of work had highlighted the need for the Council to have an explicit Anti-Fraud and Corruption Policy Statement and to update its Fraud and Corruption Strategy (Minute AC.270(c)/16-17 refers). The Strategy linked to a number of other policies and strategies such as Anti-Money Laundering, Whistle Blowing and Bribery and Corruption, all of which were scheduled for review during the course of 2017-18.

The Strategic Manager pointed out that the outcome of the ongoing review of management responsibilities may require some minor adjustments to the revised strategy. Details of any such

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adjustments would be made known to Members of this Committee; any significant changes would be submitted to the Committee.

Resolved – (1) That the updated Anti-Fraud and Corruption Strategy is noted and that the Strategic Manager for Financial Services is authorised to make any necessary minor textual adjustments to the Strategy to reflect the outcome of the ongoing review of management responsibilities.

RECOMMENDED – (2) That the proposed Anti-Fraud and Corruption Policy Statement is approved as now submitted.

Chairman.