

Minutes of the meeting of the AUDIT,
GOVERNANCE AND STANDARDS
COMMITTEE held at 9.30 am on Tuesday,
23rd July, 2019 at MAIN COMMITTEE ROOM,
CIVIC CENTRE, STONE CROSS, ROTARY
WAY, NORTHALLERTON, DL6 2UU

Present

Councillor N A Knapton (in the Chair)

Councillor P Atkin
D B Elders

Councillor P Thompson

Apologies for absence were received from Councillors G W Dadd, R W Hudson and Mrs J W Mortimer

AGS.3 **MINUTES**

THE DECISION:

That the minutes of the meetings of the Committee held on 26 March and 21 May 2019 (AGS.27 – AGS.38 and AGS.1 – AGS.2), previously circulated, be signed as a correct record.

AGS.4 **REGULATION OF INVESTIGATORY POWERS ACT - REVIEW OF ACTIVITY**

All Wards

The subject of the decision:

The Director of Law and Governance (Monitoring Officer) submitted a report advising the Committee that the Council, like many public authorities, was governed by the Regulation of Investigatory Powers Act 2000 (RIPA). This Act ensured that public authorities complied with their obligations under the Human Rights Act when undertaking investigations which might interfere with the rights of individuals. The Act introduced safeguards on activities such as surveillance undertaken by public bodies. The Committee had now been given responsibility for RIPA matters. This would involve the Committee reviewing the Council's Policy Statement from time to time and receiving quarterly reports on any activities which had been authorised under RIPA.

Alternative options considered:

None.

The reason for the decision:

To comply with the Regulation of Investigatory Powers Act 2000 (RIPA).

THE DECISION:

That it be noted that no RIPA authorisations were made by the Council during the period 27 March to 23 July 2019.

AGS.5 **POLITICALLY RESTRICTED POSTS**

All Wards

The subject of the decision:

The Director of Law and Governance (Monitoring Officer) presented a list of Politically Restricted Posts for approval.

Alternative options considered:

None.

The reason for the decision:

To comply with the Local Government and Housing Act 1989.

THE DECISION:

That the list of Politically Restricted Posts annexed to the report be approved.

AGS.6 **ANNUAL REPORT TO CABINET ON THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE'S ACTIVITIES 2018/19**

All Wards

The subject of the decision:

The Director of Finance and Commercial (s151 Officer) presented a draft report which analysed the work undertaken by the Committee for the year to 31 March 2019. Under the Committee's Terms of Reference, it was proposed that the report would be presented at Cabinet in September 2019.

Alternative options considered:

None.

The reasons for the decision:

To agree the content of the draft report prior to submission to Cabinet.

THE DECISION:

That:-

- (1) the content of the report be agreed; and
- (2) the report be submitted to Cabinet in September 2019.

AGS.7 **INTERNAL AUDIT AND COUNTER FRAUD ANNUAL REPORT 2018/19**

All Wards

The subject of the decision:

The Director of Finance and Commercial (S151 Officer) presented a report informing Members of progress made to date in delivering the Internal Audit Plan for 2018/19 and any developments likely to have an impact on the plan throughout the remainder of the financial year.

Alternative options considered:

None.

The reason for the decision:

To take account of the statutory requirement under the Accounts and Audit Regulations.

THE DECISION:

That:-

- (1) the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's framework of governance, risk management and control as at Annex 1 of the report be noted;
- (2) the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conforms to Public Sector Internal Audit Standards, as detailed in in paragraph 2.7 and Appendix 4 of the report be noted; and
- (3) the results of the audit and counter fraud work undertaken in 2018/19 as detailed in paragraph 1.4 and Annex 2 of the report be noted.

AGS.8 **ANNUAL GOVERNANCE STATEMENT 2018/19**

All Wards

The subject of the decision:

The Director of Finance and Commercial (s151 Officer) presented a report which set out the findings of a review of the governance framework, incorporating systems of internal control operating within the Council during 2018/19 and sought approval of the Annual Governance Statement.

Alternative options considered:

None.

The reason for the decision:

The preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SOLACE Framework was necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which

required authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.

THE DECISION:

That:-

- (1) the conclusion of the review of the system of internal control be agreed; and
- (2) the content of the Annual Governance Statement as detailed at Annex A of the report be approved for publication within the Annual Financial Report - Statement of Accounts 2018/19.

AGS.9 **STATUTORY AUDITOR REPORT TO THE AUDIT COMMITTEE ON THE 2018/19 AUDIT AND THE COUNCIL'S FINANCIAL REPORT - STATEMENT OF ACCOUNTS 2018/19**

All Wards

The subject of the decision:

The Director of Finance and Commercial (s151 Officer) submitted a report which presented the Statutory Auditor Results Report for the year ended 31 March 2018, the Management Representation Letter and the Council's Financial Report 2018/19 for approval.

Alternative options considered:

None.

The reason for the decision:

The National Audit Office's Code of Audit Practice (The Code) for Local Government Bodies required a report to be issued from the External Auditor (Ernst & Young LLP) to those charged with governance, on the work carried out during the audit, to discharge Ernst & Young's statutory responsibilities, together with any governance issues identified.

THE DECISION:

That:-

- (1) the 'Audit Results Report – IAS 260' presented to the Audit, Governance and Standards Committee for the 2018/19 audit as prepared by Ernst & Young LLP attached at Annex A to the report be accepted;
- (2) the signing of the Management Representation Letter at Annex B of the report by the Council's Director of Finance and Commercial, acting in the capacity of s151 Officer; be approved and
- (3) the audited Financial Report - Statement of Accounts for 2018/19 at Annex C of the report be approved.

AGS.10 **STATUTORY AUDITOR - QUARTERLY UPDATE REPORT**

All Wards

The subject of the decision:

The Director of Finance and Commercial (S151 Officer) presented a report which provided an update on the Council's statutory auditor, Ernst & Young LLP, activities to date.

A representative from Ernst & Young LLP attended the meeting to provide the update and answer questions.

Alternative options considered:

None.

The reason for the decision:

To take account of the work undertaken to date by the Council's statutory auditor.

THE DECISION:

That the quarterly report from the external auditor be noted.

AGS.11 **COUNTER FRAUD FRAMEWORK UPDATE**

All Wards

The subject of the decision:

The Director of Finance and Commercial (s151 Officer) presented a report which detailed the development of counter fraud arrangements within the Council. The Council had approved a new Counter Fraud and Corruption Policy and Strategy (with association action plan) in July 2017. This report provided an update on progress against the actions set out in the strategy and added new actions for the next financial year. In addition the Council's counter fraud risk assessment had been updated to reflect fraud risks currently facing the Council.

Alternative options considered:

None.

The reasons for the decision:

The Committee was satisfied with progress on the actions set out in the Counter Fraud and Corruption Strategy and the preventative measures introduced within the Counter Fraud Risk Assessment to reduce the risk of fraud.

THE DECISION:

That:-

- (1) the updated Counter Fraud and Corruption Strategy Action Plan detailed in Appendix 2 of the report be noted; and

- (2) the Counter Fraud Risk Assessment as detailed within Appendix 3 of the report be noted.

AGS.12 **EXCLUSION OF THE PUBLIC AND PRESS**

THE DECISION:

That under Section 100A(4) of the Local Government Act 1972, the press and public were excluded from the meeting during consideration of the items of business at minute nos AGS.13 on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A of the Act as the Committee was satisfied that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

AGS.13 **COUNTER FRAUD FRAMEWORK UPATE - ANNEX 3**

All Wards

The subject of the decision:

The Director of Finance and Commercial (s151 Officer) presented a report providing an annual update on the Counter Fraud Risk Assessment for the Council.

Alternative options considered:

None.

The reasons for the decision:

The Committee was satisfied with progress on the actions set out in the Counter Fraud and Corruption Strategy and the preventative measures introduced within the Counter Fraud Risk Assessment to reduce the risk of fraud.

THE DECISION:

That the Counter Fraud Risk Assessment as detailed within Appendix 3 of the report be noted.

The meeting closed at 10.40 am

Chairman of the Committee