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Minutes of the meeting of the AUDIT,
GOVERNANCE AND STANDARDS
COMMITTEE held at 9.30 am on Tuesday,
24th July, 2018 at MAIN COMMITTEE ROOM,
CIVIC CENTRE, STONE CROSS,
NORTHALLERTON

Present

Councillor N A Knapton (in the Chair)

Councillor	Mrs J Watson	Councillor	C Patmore
	Mrs C S Cookman		P R Wilkinson
	G W Dadd		

Also in Attendance

Councillor M S Robson

An apology for absence was received from Councillor R A Baker

AGS.4 **MINUTES**

THE DECISION:

That the minutes of the meetings of the Committee held on 27 March and 15 May 2018 (AGS.25 - AGS.33 and AGS.1 - AGS.2), previously circulated, be signed as correct records.

AGS.5 **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 28 March to 24 July 2018.

AGS.6 **POLITICALLY RESTRICTED POSTS**

All Wards

The subject of the decision:

The Director of Law and Governance (Monitoring Officer) submitted a report which detailed a list of Politically Restricted Posts for approval. The Committee was asked to review and to approve the list because of re-organisation and changes in job titles within the Council.

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.7 **ANNUAL GOVERNANCE STATEMENT 2017/18**

All Wards

The subject of the decision:

The Director of Finance (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 2017/18 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 for publication with the annual Statement of Accounts 2017/18 be approved.

AGS.8 **ANNUAL REVIEW OF THE AUDIT VISION AND CHARTER**

All Wards

The subject of the decision:

The Director of Finance (s151 Officer) submitted a report seeking approval of the changes to the Council's Internal Audit Charter.

Alternative options considered:

None

The reasons for the decision:

The Accounts and Audit Regulations 2015 required the Council to have an effective internal audit service that complied with public sector internal audit standards. CIPFA was responsible for setting those standards for Councils.

THE DECISION:

That:-

- (1) the review of the Annual Audit Charter be noted; and
- (2) the Internal Audit Charter be approved.

AGS.9 **ANNUAL REPORT TO CABINET ON THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE'S ACTIVITIES 2017/18**

All Wards

The subject of the decision:

The Director of Finance (s151 Officer) presented a draft report which analysed the work undertaken by the Committee for the year to 31 March 2018. Under the Committee's Terms of Reference, it was proposed that the report would be presented at Cabinet in September 2018.

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 2018.

AGS.10 **STATUTORY AUDITOR REPORT TO THE AUDIT COMMITTEE ON THE 2017/18
AUDIT AND THE COUNCIL'S FINANCIAL REPORT - STATEMENT OF ACCOUNTS
2017/18**

All Wards

The subject of the decision:

The Director of Finance (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 2017/18 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 2017/18 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, acting in the capacity of s151 Officer; be approved and
- (3) the audited Statement of Accounts for 2017/18 at Annex C of the report be approved.

Declaration of Interest

Councillor P R Wilkinson declared a personal non-pecuniary interest as Chairman of the Central Northallerton Development Company Limited when the Consolidated Statement of Accounts was reviewed. Councillor Wilkinson remained in the meeting during discussion and voting on the above item as there was no specific discussion regarding the Central Northallerton Development Company Limited.

AGS.11 **INTERNAL AUDIT AND COUNTER FRAUD ANNUAL REPORT 2017/18**

All Wards

The subject of the decision:

The Director of Finance (S151 Officer) presented a report informing Members of progress made to date in delivering the Internal Audit Plan for 2017/18 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 results of the audit work undertaken by Internal Audit in 2017/18 be noted; and
- (2) the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Authority's internal control environment be accepted.

AGS.12 **COUNTER FRAUD FRAMEWORK UPATE**

All Wards

The subject of the decision:

The Director of Finance (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, this report introduced a new Annual Counter Fraud Risk Assessment which reflected 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 the Counter Fraud Strategy Action Plan and Counter Fraud Risk Assessment be noted.

AGS.13 **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 item of business at minute nos AGS.14 on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 7 Part 1 of Schedule 12A of the Act as the Audit, Governance and Standards Committee was satisfied that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

AGS.14 **COUNTER FRAUD FRAMEWORK UPDATE - ANNEX 3**

All Wards

The subject of the decision:

Further to Minute AGS.12, the Director of Finance (s151 Officer) outlined a new Annual Counter Fraud Risk Assessment which reflected fraud risks currently facing the Council.

Alternative options considered:

None.

The reasons for the decision:

To assess the Council's risk of fraud and implement preventative measures to reduce the risk of fraud.

THE DECISION:

That the Counter Fraud Risk Assessment be noted.

The meeting closed at 10.20 am

Chairman of the Committee