

# Public Document Pack

Minutes of the meeting of the AUDIT,  
GOVERNANCE AND STANDARDS  
COMMITTEE held at 9.30 am on Tuesday, 14th  
June, 2016 at HDC MEETING ROOM, CIVIC  
CENTRE, STONE CROSS, NORTHALLERTON

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## Present

Councillor R W Hudson (in the Chair)

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

## Also in Attendance

Councillor	C A Dickinson	Councillor	
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### AGS.4 **MINUTES**

#### **THE DECISION:**

That the minutes of the meetings of the Committee held on 22 March and 17 May 2016 (AGS.27 - 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 Head of Service Finance (s151 Officer) presented 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 23 March to 14 June 2016.

AGS.6 **INTERNAL AUDIT ANNUAL REPORT 2015/16**

All Wards

**The subject of the decision:**

The Head of Service Finance (s151 Officer) submitted the Internal Audit Annual Report for 2015/16 which was prepared by Veritau North Yorkshire (VNY). The Director and Head of Internal Audit, Veritau, North Yorkshire attended to respond to Members' questions.

The report summarised the outcome of audit work undertaken in 2015/16 and provided an opinion on the overall adequacy and effectiveness of the Authority's internal control arrangements.

Members raised concern with regards to only Limited and Reasonable Assurance being reflected for the Information Governance and Website Management reviews. They commented that over the last few years this had continually been the case for ICT. Members requested a further review on ICT during the course of the Internal Audit process 2016/17. Members recognised this could also be related to Business Continuity and Disaster Recovery reviews.

Further information was requested by Members in relation to the Income receipting, cash collection process and implications of fraud and suggested that a review should be carried out in relation to the tender process of cash collection by external organisations to ensure value for money.

**Alternative options considered:**

None.

**The reason for the decision:**

To take account of the Accounts and Audit (England) Regulations and relevant professional standards.

**THE DECISION:**

That:-

- (1) the results of the audit work undertaken in 2015/16 be noted; and
- (2) the opinion of the Director and Head of Internal Audit on the adequacy and effectiveness of the Authority's internal control environment be accepted.

AGS.7 **INTERNAL AUDIT PLANNING PROCESS 2016/17**

All Wards

**The subject of the decision:**

The Head of Service – Finance (s151 Officer) submitted a report which set out the process involved in forming the Audit Plan including a comparison of audit plans from previous years. This report was requested by the Committee at its meeting held on 22 March 2016.

**Alternative options considered:**

To comply with a request from the Committee.

**The reason for the decision:**

To take account of the requirements of the Public Sector Internal Audit Standards and the Council's Audit Charter.

**THE DECISION:**

That the report be noted.

AGS.8 **UPDATE OF THE INTERNAL AUDIT CHARTER**

All Wards

**The subject of the decision:**

The Head of Service – 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 the Council's updated Internal Audit Charter be approved.

AGS.9 **ANNUAL GOVERNANCE STATEMENT FOR 2015/16**

All Wards

**The subject of the decision:**

The Head of Service – 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 2015/16 and sought approval of the Annual Governance Statement.

It was also reported that following the meeting training was to take place as to how to question, review and understand the Council's Annual Governance Statement and Financial Report 2015/16.

**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 be approved.

AGS.10 **ANNUAL REPORT TO CABINET ON COMMITTEES ACTIVITIES FOR 2015/16**

All Wards

**The subject of the decision:**

The Head of Service – Finance (s151 Officer) presented a draft report which analysed the work undertaken by the Committee for the year to 31 March 2016. Under the Committee’s Terms of Reference, it was proposed that the report would be presented at Cabinet in July 2015.

**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 July 2016.

AGS.11 **ANNUAL REPORT ON COUNTER FRAUD AND ANTI-CORRUPTION 2015/16**

All Wards

**The subject of the decision:**

The Head of Service - Finance (s151 Officer) presented a report on the work that had been undertaken on Counter Fraud and Anti-Corruption during 2015/16.

Concern was raised regarding the loss of income that had occurred and a request that when investigations internally and also by the police were completed, that further information could be supplied to provide a greater understanding of the incidents and also on the improved revised processes in place.

**Alternative options considered:**

None.

**The reasons for the decision:**

To receive information on the work undertaken as part of the Committee's work programme.

**THE DECISION:**

That the Counter Fraud and Anti-Corruption work undertaken during the year to 31 March 2016 be noted.

AGS.12 **STATUTORY AUDITOR - INTERIM UPDATE**

All Wards

**The subject of the decision:**

The Head of Service – Finance (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.

Clarification was provided that materiality estimates for 2015/16 Accounts would be in the region of £808,00 and that unadjusted misstatements to be reported would be over £40,000 and not £200,000 as originally expressed in the report.

**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 interim update from the external auditor be noted.

AGS.13 **POLITICALLY RESTRICTED POSTS**

All Wards

**The subject of the decision:**

The Head of Service – Finance (s151 Officer) presented a list of Politically Restricted Posts for approval. The Committee was asked to review 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.

The meeting closed at 10.30 am

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Chairman of the Committee