

## **Corporate Governance and Audit Committee**

**Friday, 9th November, 2012**

**PRESENT:** Councillor T Murray in the Chair  
Councillors P Grahame, N Taggart,  
J Elliott, T Hanley, C Fox, G Hussain,  
T Murray, R Wood, E Taylor, J Illingworth  
and J Bentley

### **27 Appeals Against Refusal of Inspection of Documents**

There were no appeals against the refusal of inspection of documents.

### **28 Exempt Information - Possible Exclusion of the Press and Public**

There were no resolutions to exclude the public.

### **29 Late Items**

There were no late items submitted to the agenda.

### **30 Declaration of Disclosable Pecuniary and Other Interests'**

There were no declarations made.

### **31 Apologies For Absence**

There were no apologies.

### **32 Minutes of the Previous Meeting**

The minutes of the meeting held on 28<sup>th</sup> September 2012 were approved as a correct record.

### **33 Matters Arising**

#### Minute No. 21 Decision Making Framework; Annual Assurance Report

In response to Member queries about the arrangements for Licensing Decisions taken by officers it was confirmed by the Chief Officer (Audit and Risk) that this issue had not been considered by the Committee. Members agreed that this would be a piece of work that they would like to look further into.

**RESOLVED** – The Committee resolved to request a paper that considers the arrangements in place for licensing decisions taken by officers.

Minute No. 24 Report to those Charged with Governance from KPMG

Members sought to understand the arrangements that are in place when assets are transferred by the authority that appropriate due diligence processes are in place to ensure that those 'receiving' an asset have appropriate governance, insurance and financial management arrangements in place.

**RESOLVED** – The Committee resolved to request a report outlining the due diligence processes in place in respect of asset transfers.

**34 Internal Audit Report April to September 2012**

The Head of Internal Audit presented a report of the Director of Resources. The report provided a summary of Internal Audit activity for the period 1<sup>st</sup> April to 20<sup>th</sup> September 2012 and highlighted the incidence of significant control failings or weaknesses.

The Head of HR (Resources) was also in attendance.

Members discussed the report in detail, particularly in respect of:

- arrangements to ensure that CRB checks are in place for Private Hire and Hackney carriage drivers. Members being of the view that such checks should be undertaken on an annual basis in order to provide reassurance to the public;
- The capital programme central controls – particularly the extent to which Chief Officer approval is given (and where relevant Call In processes having expired) prior to a contractual commitment being given;
- the Head of Internal Audit confirmed that 734 cards have been issued and undertook to provide the additional information concerning use to the committee by way of correspondence;
- Overtime payments made by the Council, where the Head of HR (Resources) confirmed the arrangements for the payment of overtime to staff over scale point 29 and outlined the issues that had been identified in respect of compliance with those arrangements by recent Internal Audit work. Members expressed concern with the shortcomings identified by the audit, commenting that;
  1. it was unacceptable that staff had received payments contrary to the council's policies;
  2. the rules governing planned overtime were out of date as they do not reflect modern working practices
  3. that the guidelines for claiming overtime appeared to have been not well enough communicated to managers and other staff.

Members were informed about the outcome of a Scrutiny Board (Resources and Council Services) report on overtime and agency staff, considered at the meeting on 3<sup>rd</sup> September 2012. The inquiry resolved, among other things, to support the improvement measure to set clearer guidelines and protocols on the use of overtime and agency staffing. Members were assured that this would be followed up by the Scrutiny Board and that the findings of Internal Audit would be taken into consideration.

- The apparent under-use of Council owned buildings by the public for community benefit. Members requested that Internal Audit undertake a Value For Money review of buildings owned by the Council to explore the scope for greater access and use by the public and community groups.

**RESOLVED** – The Committee resolved:

- (a) To note the work undertaken by Internal Audit during the period covered by the report;
- (b) To inform the Chief Officer Democratic and Central Services of the views of this Committee with regards to taxi drivers obtaining an annual CRB check;
- (c) To note that Scrutiny Board Resources and Council Services will follow up their previous recommendation that HR set clear guidelines and protocols on the use of overtime and agency staff;
- (d) To request that HR liaise with Internal Audit to help ensure the revised guidelines and protocols address the control issues highlighted in the Internal Audit Report;
- (e) To note that the Head of Internal Audit will supply further details to Members with regards to which services are using purchasing cards; and
- (f) that Internal Audit conduct a VFM review of buildings owned by the Council.

**35 KPMG report - Annual Audit Letter 2011/12**

The Senior Financial Manager (Corporate) presented a report of the Director of Resources which provided a summary of the key external audit findings in respect of the 2011/12 financial year.

Heather Garrett from KPMG was in attendance to answer Member questions.

It was noted that the report provided assurance that the consolidation pack for the Whole of Government Accounts produced by the Council was consistent with the audited financial statements.

Members considered the report asking the KPMG representative what if anything the Council needed to be concerned about in relation to its financial management. It was confirmed to Members that KPMG undertake a risk

assessment before each audit to ensure that any areas considered a risk are reviewed to establish that the controls in place are effective and complied with. It was also noted that KPMG have identified two key value for money risk areas; plans for assuming responsibility for public health on 1/4/13 and savings plans to achieve a balanced budget.

**RESOLVED** – The Committee resolved to note the conclusions and recommendations arising from the 2011/12 audit process.

### **36 Treasury Management Governance Report**

The Principal Finance Manager (Treasury Management) presented a report of the Director of Resources. The report outlined the governance framework for the management of the Council's Treasury Management function. The report also reviewed compliance with the revised Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on treasury management and guidance notes and a revised prudential code. These were issued in November 2009 and revised in 2011.

Members discussed the report asking specific questions about the treasury advisors used by the Council, how they are selected and how their performance is monitored. It was confirmed to Members that Sector (treasury advisors) were procured using a central procurement process which measured both value for money and the quality of service provided. Sector's performance is monitored on an ongoing basis through quarterly Treasury Strategy meetings.

Members also asked about the money that has been saved by Treasury Management and congratulated the service on its work which has resulted in significant savings for the Council.

Members were informed that implementation of the treasury strategy over recent years had resulted in savings for the Council of over £70 million which had been achieved through efficient debt management and investment.

**RESOLVED** – The Committee resolved to:

- (a) note the delegations in respect to treasury management as outlined in Appendix A to the report;
- (b) note the assurance provided by Treasury Management adopting and complying with the revised CIPFA Code of Practice and guidance notes and the Prudential Code; and
- (c) note that the Treasury Management Policy Statement has been updated.

### **37 Local Public Audit; an update**

The Chief Officer (Audit and Risk) presented a report of the Director of Resources which provided the Committee with a progress report on the Local

Public Audit Bill, including provision in the Bill for independent audit appointment panels.

**RESOLVED** – The Committee resolved to note the update provided on the progress of the Local Audit Bill.

### **38 Work Programme**

The Director of Resources submitted a report notifying Members of the work programme.

The Committee reviewed its forthcoming work programme. Members requested a further report on the arrangements in place to manage the City's traditional York paving stone assets.

**RESOLVED** – The Committee resolved to note the forthcoming reports to the committee and requested that Internal Audit review arrangements in place to manage the City's traditional York paving stone assets.