

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

Minutes of the Special Meeting held on 24 May 2012 at 1.30 pm at County Hall, Northallerton.

PRESENT:-

County Councillor Members of the Committee:-

County Councillor Patrick Mulligan (in the Chair); County Councillors Karl Arthur, Bernard Bateman MBE (as Substitute for Joe Plant), Margaret-Ann de Courcey-Bayley, Mike Jordan and Chris Pearson.

External Members of the Committee:-

Mr James Daglish and Mr David Portlock.

IN ATTENDANCE:-

Deloitte LLP Officer: Alistair Lince.

Veritau Ltd Officers: Scott McKone (Trainee Accounting Technician) and Max Thomas (Head of Internal Audit).

County Council Officers: Carole Dunn (Assistant Chief Executive (Legal and Democratic Services), Ruth Gladstone (Principal Democratic Services Officer), John Moore (Corporate Director – Finance and Central Services) and Fiona Sowerby (Corporate Risk and Insurance Manager, Finance and Central Services Directorate).

APOLOGIES FOR ABSENCE:-

Apologies for absence were received from County Councillors Bill Chatt and Robert Heseltine and Mr Henry Cronin.

COPIES OF ALL DOCUMENTS CONSIDERED ARE IN THE MINUTE BOOK

In opening the meeting, the Chairman thanked Members for attending this special meeting and re-arranging other commitments in order to attend where necessary. He also thanked the Head of Internal Audit for providing information at the recent Audit Committee Member Seminars concerning counter-fraud. The Chairman suggested that counter-fraud might be a topic for a future Seminar for all County Councillors.

209. MINUTES

RESOLVED –

That the Minutes of the meeting held on 19 April 2012, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

210. PUBLIC QUESTIONS OR STATEMENTS

There were no questions or statements from members of the public.

211. AUDIT COMMITTEE TERMS OF REFERENCE

CONSIDERED –

The report of the Assistant Chief Executive (Legal and Democratic Services) advising that the County Council, on 16 May 2012, had amended this Committee's terms of reference by inserting a new paragraph 11 which stated "To exercise all functions in relation to the making and changing of policy relating to such audit and counter-fraud matters which fall within the remit of the Committee (save as may be delegated otherwise)".

In response to Members' questions, the Assistant Chief Executive (Legal and Democratic Services) advised that the County Council had not yet decided how it would proceed in relation to its ethical framework under the Localism Act 2011. However, all indications suggested that the County Council would establish a voluntary Standards Committee of smaller scale, and meeting less frequently, than the existing statutory Standards Committee and dealing with complaints not filtered out on receipt. She also confirmed that she would be mindful, when dealing with complaints, of potential conflicts with the County Council's Whistleblowers' Policy.

The Chairman highlighted that the County Council had removed the requirement for the Chairman of the Standards Committee to be an External Member of the Audit Committee and that this Committee would revisit that issue in due course.

RESOLVED –

That the report be noted.

212. CORPORATE GOVERNANCE

CONSIDERED –

The report of the Corporate Director – Finance and Central Services providing an update on Corporate Governance matters and inviting the Committee to give preliminary consideration to the following key governance documents prior to their formal submission, as part of the Statement of Final Accounts, to the Committee's meeting to be held on 28 June 2012:-

- Corporate Governance Checklist
- Local Code of Corporate Governance
- Draft Statements of Assurance provided by Corporate Directors

The Committee was advised that the Draft Annual Governance Statement 2011/12 was not available for consideration at today's meeting. The Corporate Director – Finance and Central Services apologised for the delay in producing the draft Statement and explained the circumstances. The Chairman advised that he was disappointed with the situation but he understood that the draft Statement was not significant in the context of other documents being considered at today's meeting. He suggested that the draft Annual Governance Statement 2011/12 should be circulated to all Members of the Committee as soon as it became available, seeking Members' comments by email. Other Members supported that suggestion.

In respect of the Action Notes of the meeting of the Corporate Governance Officer Group held on 22 February 2012 which were appended to the covering report, Members asked questions on a range of issues including the following:- work under the One Council Programme, looking at the burdens of bureaucracy; and the implications, under the Localism Act 2011, of Community Empowerment and the community's right to challenge around procurement and the disposal of properties.

In respect of the Corporate Governance Checklist:-

- Members expressed concern that an overwhelming number of entries in the "Next Review Date" column stated "ongoing". The Corporate Director – Finance and Central Services advised that some items were under permanent review due to their nature. Following further discussion, it was agreed that, for other items, the Officer Group should identify the appropriate review cycle and, on future Checklists, the "Next Review Date" column should be replaced with a "Last Review Date" column.
- Members asked questions on a range of issues including the following:- the reason why the policy of maintaining a General Working Balance specified that this should be equivalent to at least 2% of the net Revenue Budget for any financial year; the reason why reference was made to the Chief Financial Officer being an "equal" member of the Chief Executive's Management Board; a Member's suggestion that the Checklist should state that the Service Continuity Plan should be reviewed annually; a Member's suggestion that the Checklist should clarify that the Members' Remuneration Panel was a permanent body which undertook work on an annual cycle together with any occasional issues which arose; and whether there was evidence to demonstrate the effectiveness of the use of on-line platforms to deliver training. It was suggested that the last issue should be addressed at the Training Session (on the One Council Programme) planned for Committee Members to be held on 28 June 2012.
- The Corporate Director – Finance and Central Services undertook to clarify, and report to the next meeting, the work scheduled to be undertaken by December 2012 in relation to "Member Register of Interests being compiled" as mentioned on page 19 of the Checklist.
- It was noted that, in various rows within the Checklist, the officer having lead responsibility was not stated. In addition, the following typographical errors were identified:- on page 24 of the Checklist, "July 2011" should read "July 2012"; and on page 32, the deadline of "December 2009" needed to be amended.
- Members expressed the view that the Committee should repeat this detailed consideration of the Checklist on an annual basis. It was suggested that this proposal should be taken into account when the Committee considered its Work Programme which appeared as the last item of business on today's Agenda.

In respect of the Local Code of Corporate Governance, Members asked questions concerning the County Council's 'shareholding' in YPO. Members also expressed varying opinions concerning the effectiveness of Area Committees for Community Engagement purposes. The Corporate Director – Finance and Central Services suggested that, as Members appeared not to be satisfied in that regard, that issue should be a topic for a future Training Session for Audit Committee Members. Members expressed support for that suggestion.

In respect of the draft Statements of Assurance provided by Corporate Directors, Members highlighted that the Audit Committee, on 19 April 2012, had resolved to ask the Corporate Director – Children and Young People's Service to consider whether an entry should be included in the Risk Register about the potential risk arising from the introduction of large-scale enforcement of Academy status. The Corporate Director – Finance and Central Services undertook to pursue that issue with the Corporate Director – Children and Young People's Service in relation to the final Statement of Assurance she might provide.

RESOLVED –

- (a) That the draft Annual Governance Statement 2011/12 be circulated to all Members of the Committee as soon as it becomes available and that Members be requested to submit their comments concerning the draft Statement by email to the Corporate Director – Finance and Central Services.
- (b) That the Corporate Governance Officer Group identify the appropriate review cycle and that, on future Checklists, the "Next Review Date" column be replaced with a "Last Review Date" column.
- (c) That the question about whether there is evidence to demonstrate the effectiveness of the use of on-line platforms to deliver training be addressed during the half hour Training Session for Audit Committee Members, to be held on 28 June 2012, concerning the One Council Programme and its impact on governance.
- (d) That the Corporate Director – Finance and Central Services clarify, and report to the next meeting, the work scheduled to be undertaken by December 2012 in relation to "Member Register of Interests being compiled" as mentioned on page 19 of the Checklist.
- (e) That a topic for a future Training Session for Audit Committee Members be the effectiveness of Area Committees for Community Engagement purposes.

213. PROGRAMME OF WORK

CONSIDERED –

The report of the Corporate Director – Finance and Central Services inviting the Committee to review the Programme of Work for 2012/13.

RESOLVED –

That the revised Programme of Work for 2012/13, as set out at Appendix A to the report, be approved, subject to the inclusion of the following:-

- The topic for the half hour Training Session for Audit Committee Members on 28 June 2012 being the One Council Programme and its impact on governance.
- An additional meeting of the Committee being programmed in May each year to give detailed consideration to Corporate Governance issues.

The meeting concluded at 3.30 pm.

RAG/ALJ