

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

8 March 2012

PROGRESS ON ISSUES RAISED BY THE COMMITTEE

Joint Report of the Corporate Director – Finance and Central Services and the Assistant Chief Executive (Legal and Democratic Services)

1.0 PURPOSE OF THE REPORT

1.1 To advise Members of

- (i) progress on issues which the Committee has raised at previous meetings
- (ii) other matters that have arisen since the last meeting and that relate to the work of the Committee

2.0 BACKGROUND

2.1 This report is submitted to each meeting listing the Committee's previous Resolutions when it requested further information to be submitted to future meetings. Accordingly, the current list of outstanding items is set out below:-

Date	Minute number and subject	Audit Committee Resolution	Comment
21/04/2011	140 – Information Governance	(b) That it be noted that the Corporate Director – Finance and Central Services intends to report to the Committee, at a later stage during the year, concerning information security breaches.	A report is scheduled for the meeting on 19 April 2012.
30/06/2011	151 – Annual Governance Statement and Local Code of Corporate Governance	(c) That the Standards Committee be requested to let this Committee have sight of the new Standards of Conduct expected of County Councillors at such time as such standards are adopted.	This will be implemented once the new Code becomes available.

Date	Minute number and subject	Audit Committee Resolution	Comment
29/09/2011	163 – Internal Audit Work on Computer Audit	(b) That a report be submitted to each future meeting of the Committee to advise of progress in rationalising the management of ICT systems and of migrating only those systems supported by Corporate ICT to Microsoft.	See Section 4 of this report
29/09/2011	165 – Review of the Effectiveness of Internal Audit	(b) That the outcome of the review of the 2011/12 review of the effectiveness of Internal Audit be reported to the June 2012 meeting of the Audit Committee.	Scheduled in the Work Programme for 28 June 2012 meeting
08/12/2011	174 – Progress on Issues Raised by the Committee	(b) That the Audit Committee's request for the Standards Committee to report once per year to the Audit Committee concerning the action the Standards Committee takes in reviewing Members' attendance records be retained within the "Progress on Issues Raised by the Committee" reports submitted to future meetings of the Audit Committee until such time as the Standards Committee determines this request.	<p>The Standards Committee has not yet determined this request.</p> <p>Since Audit Committee's last meeting, the Standards Committee has met once to consider strategic issues arising out of the Localism Act 2011 relating to the standards regime. The Standards Committee, amongst other things, agreed to recommend, to the full County Council, that a non-statutory Standards Committee should be appointed.</p>
08/12/2011	176 – Proposed Expansion of Veritau Limited	That the County Council's Executive be advised that this Committee has raised no issues in respect of Veritau's ongoing ability to provide an effective internal audit service to the County Council as a result of the proposal.	<p>The Executive, on 20 December 2011, resolved "That the expansion of Veritau through the creation of a subsidiary company, Veritau – North Yorkshire (VNY) based on the Business Case and governance proposals detailed in the report, is approved".</p> <p style="text-align: right;">/cont...</p>

Date	Minute number and subject	Audit Committee Resolution	Comment
			Following the Executive approval officer work has continued and the VNY company is due to become operational on 1 April 2012.
08/12/2011	177 – Governance of Partnerships	(b) That the CIPFA publication 'Partnerships from the Audit Committee perspective' be noted and that the questions on page 5 of that document be considered by officers in undertaking the 2012 annual review of the governance of partnerships involving the County Council.	Officers will reflect this suggestion in their next report on Partnerships which is scheduled for 6 December 2012.
08/12/2011	180 – Service Continuity Planning	(b) That a further report be submitted to the Committee once Management Board has considered the feedback from the pilot process.	Next report on Service Continuity Planning is scheduled for 28 June 2012.
08/12/2011	181 – Review of the Financial, Contract and Property Procedure Rules	<p>That it be a recommendation to the Executive - That the following changes be made to the Constitution:-</p> <p>(a) the changes to the Financial Procedure Rules as detailed in Appendix 1 to the report</p> <p>(b) the changes to the Contract Procedure Rules as detailed in Appendix 2 to the report; and</p>	<p>The Executive, on 20 December 2011, resolved:-</p> <p>(a) That the Audit Committee be thanked for their recent review of the various Procedure Rules</p> <p>(b) That it be a recommendation to the County Council that the changes to the Finance, Contract and Property Procedure Rules detailed in Appendix A be adopted.</p>

Date	Minute number and subject	Audit Committee Resolution	Comment
		(c) the changes to the Property Procedure Rules as detailed in Appendix 3 to the report.	The Executive's recommendation was submitted for approval to the meeting of the full County Council on 15 February 2012.
08/12/2011	182 – Progress on 2011/12 Internal Audit Plan	(b) That the Head of Internal Audit complete the checklist within the Audit Commission annual fraud report 'Protecting the Public Purse 2011' in preparation for discussion at the Member training session on 8 March 2012.	See item re Counter Fraud on this Agenda.
08/12/2011	185 – Programme of Work	(b) That the Chairman discuss, with Officers outside this meeting, issues which Members have raised with a view to improving the way the Committee operates.	The Chairman has discussed this matter with the Corporate Director – Finance and Central Services. Various improvements (eg scheduled timings on Agenda, shorter reports) will be implemented over time.
08/12/2011	185 – Programme of Work	(c) That the time at which all future meetings of the Committee commence be changed to 1.30 pm, with training being held from 1.00 pm.	The Committee's meeting / training times have been revised accordingly.

3.0 TREASURY MANAGEMENT

3.1 The Committee has taken an active role in monitoring the Treasury Management (TM) activity of the County Council, and the County Council has approved an amendment to the Terms of Reference of the Committee that acknowledges that role.

3.2 Given the current Code of Practice for Treasury Management, the Audit Committee needs to maintain this active interest particularly in relation to any significant changes in Treasury Management activity that necessitates changes in the County Council's lending or borrowing strategies. However these changes do not necessarily occur on a predictable or regular basis.

- 3.3 Members have therefore agreed that, rather than produce an agenda report which states that “nothing has changed”, such an update can be provided via this report. Clearly however if significant changes have taken place they will be reported to the Committee in the normal way via a separate report on the Agenda.
- 3.4 Since the Committee’s last meeting held in December 2011, the Executive has considered two sets of reports of note relating to Treasury Management
- (a) the annual review of Treasury Management matters considered alongside the Budget report on 31 January 2012
 - (b) the Q3 report on performance to date in 2011/12 considered by Executive on 29 February 2012

Both sets of reports have been circulated directly to Members in advance of these Agenda papers.

4.0 RATIONALISATION OF SYSTEMS AND DATA

- 4.1 In relation to Minute 163 (see page 1 of this report) it is proposed to provide an update on progress in this area as part of this report rather than create a specific Agenda item.
- 4.2 There are 2 activities in progress that will have an impact on this issue –
- (a) the transition from Novell to Microsoft
 - (b) the Systems and Data One Council workstream
- 4.3 Because the detailed Action Plan for (b) is still to be formally signed off by Management Board, this activity has been incorporated pro tem in the process underway for (a).
- 4.4 Thus, the position to date is as follows

Starting position	➔	1410 packaged applications and associated drivers (eg for digital cameras)	1410
	-	drivers (being rationalised as separate exercise) and first “cull” of redundant / obsolete applications	502
	=	packaged applications	908
	-	applications removed following review by ICT Client Officers	281
	-	applications packaged for transition to Microsoft platform (but will be reviewed again under One Council Workstream)	327 *
	=	applications still to be packaged for Microsoft (and will be reviewed by One Council Workstream)	300 *

- 4.4 The 2 “batches” of applications that have been / will be packaged for transition to Microsoft (see * above) represent a pragmatic response to the timeline of the Microsoft project. It has deadlines that have to be met and therefore the transition process must go ahead for these applications even though, under the One Council Workstream review process, they may be subsequently determined to be redundant.

4.5 The Systems and Data workstream has 5 themes –

- (a) rationalisation of applications (as described above)
- (b) review of processes and procedures relating to generation and storage of data and files and the use of office applications
- (c) introduce new policies relating to the use and retention of e-mails

[Note – activity under (b) and (c) will need to be integrated with the work of CIGG2 and fit in with the Information Governance Framework]

- (d) review of Service Support functions within ICT – this review will be deferred until the Microsoft transition has been completed so that the review can take into account the “support” requirements of the Microsoft platform
- (e) a “discovery” process under which ICT will have a responsibility to “propose” the other One Council workstreams regarding the potential value / problem solving opportunities that contemporary ICT hardware / software can offer

4.6 Progress reports on (a) to (c) above will be submitted to subsequent meeting of the Committee.

5.0 RECOMMENDATION

5.1 That the Committee considers whether any further follow-up action is required on any of the matters referred to in this report.

JOHN MOORE
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CAROLE DUNN
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
NORTHALLERTON

1 March 2012
RAG/JSM

Background Documents:

Report to, and Minutes of, Audit Committee meeting held 8 December 2011