

## NORTH YORKSHIRE COUNTY COUNCIL

## AUDIT COMMITTEE

27 June 2013

## PROGRESS ON ISSUES RAISED BY THE COMMITTEE

**Joint Report of the Corporate Director – Strategic Resources  
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 and / or when it requested further information be submitted to future meetings. The table below represents the list of issues which were identified at previous Audit Committee meetings and which have not yet been resolved. The table also indicates where the issues are regarded as completed and will therefore not be carried forward to this agenda item at the next Audit Committee meeting.

<b>Date</b>	<b>Minute number and subject</b>	<b>Audit Committee Resolution</b>	<b>Comment</b>	<b>Complete?</b>
07/03/2013	258 - Treasury Management Training	That the Corporate Director, Strategic Resources make arrangements for Sector to provide training for Audit Committee Members after County Council elections concerning Treasury Management	Sector are providing a training day on 30 September. Members of the Audit Committee are to be joined by a number of relevant officers.	X
07/03/2013	267 – Service Continuity progress	That an update of the audit by Veritua of the Service Continuity Plan scheduled for May 2013 be submitted to a future meeting of this Committee.	To be determined as part of Work Programme.	X
18/04/2013	271 – Assurance Maps for the One Council Workstreams	No formal resolution but the Audit and Information Assurance Manager advised that a first draft of the Assurance Maps for the One Council Workstreams had been produced and	Draft report to be finalised by 31 May following discussions (including External Auditors). A verbal update can again be provided	?

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
		that the draft was scheduled to be finalised, following consultation with relevant County Council officers and the External Auditor, by 31 May 2013.		
18/04/2013	273 – Internal Audit and target of delivering 93% of agreed audit plan	No formal resolution but assurances were sought around delivery of targets.	The final outturn figure for the NYCC audit plan was 93.98% (compared to the target of 93%). Further information is provided on performance in the Annual Report of the Head of Internal Audit	✓
18/04/2013	274 – information relating to early years audit opinions in relation to schools.	That the Head of Internal Audit provide the Chairman with statistics for the various categories of audit opinions in relation to schools for the years prior to 2011/12.	Additional comparative figures showing the audit opinions for schools will be provided in future years to enable trends to be more easily identified.	✓
18/04/2013	274 - Directorate Risk Registers	That the Corporate Director, Strategic Resources provide advice to managers in Directorates regarding the need to identify key issues within their risk registers.	Issues to be raised at next meeting of Corporate Risk Management Group with a view to improving a consistent approach to risk prioritisation. Guidance also to be provided so that risk reduction measures are more clearly explained and where possible Smart targets are provided. Next meeting of Corporate Risk Management Group = 31 July 2013	✓
18/04/2013	275 – Value for Money Audits	That a report be submitted to a future meeting to identify any issues to inform the way in which Veritau might progress its VfM work and that updates be included, in the meantime, within the report “Progress on Issues Raised by the Committee”	An update to be brought at a suitable time following early VfM Audit work. A further report to be brought to the Audit Committee following completion of the VfM Audit work. Dates to be arranged.	X

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
18/04/2013	275 – Consideration of the Audit Committee's terms of reference relating to Value for Money	That the Corporate Director, Strategic Resources consider whether the Committee's terms of reference require revision with regard to providing assurances about arrangements made within the County Council in respect of achieving value for money.	It is suggested that this issue is picked up as part of a wider discussion about the Audit Committee's terms of reference involving the new membership of the Audit Committee. This work is therefore likely to be picked up as a further action point at the Audit Committee meeting of 27 June 2013.	X
18/04/2013	276 – Training items for Audit Committee on 27 June 2013	30 minutes be allocated for Member training on Procurement and a further 30 minutes be allocated for welcomes / identification of future training needs.	Arrangements in place for 27 June. The introductory Member training previously delivered by the Head of Internal Audit to be updated as appropriate and considered as part of any training approach. Feedback was also sought from Members following the training session on 17 June to identify future training needs and priorities.	X
18/04/2013	276 – External Auditor's Annual Audit Plan in work programme	The External Auditor's Annual Audit Plan be rescheduled for the Committee's meeting on 18 July 2013.	Work Plan amended accordingly.	✓

### 3.0 TREASURY MANAGEMENT

- 3.1 Under its Terms of Reference, the Committee takes an active role in monitoring the Treasury Management (TM) activity of the County Council.
- 3.2 A detailed report on the County Council's 2012/13 Treasury Management activities was submitted to Executive on 18 June 2013 as part of the overall Q4 performance and Budget Monitoring report and this has already been provided to Members of the Audit Committee for information and comment / questions.
- 3.3 Following unusually high levels of cash balances in April 2013, the Corporate Director – Strategic Resources agreed temporary increases in investment limits on 30 April for the Lloyds Banking Group (from £60m to £65m), the Royal Bank of Scotland Group (from £60m to £65m) and Barclays (from £50m to £55m).

- 3.4 The high level of cash balances early in 2013/14 referred to in 3.3 above continued to increase in May, reaching an all-time high of over £290m. This is a result of a combination of factors including:
- a) The high level of the authority's reserves and balances
  - b) Relatively high levels of funds invested on behalf of other organisations
  - c) The County Council's cash flow profile early in 2013/14 in terms of payments being made and income being received, particularly funding from the Government which is very front loaded this year.

At the same time the very short (in terms of few organisations meeting the agreed minimum criteria) lending list has recently reduced even further following one organisation being temporarily suspended after a lowering of their creditworthiness scoring.

- 3.5 After allowing for the temporary increase in limits in paragraph 3.3 above, which is still in place, this scenario was managed by placing funds with other local authorities (at 0.3% interest) and using the Government's DMO (Debt Management Office) account for the first time, which only pays 0.25%. Although the level of cash balances is expected to reduce as the year progresses, a thorough review of the options available to the County Council, will be taken.

#### 4.0 RATIONALISATION OF SYSTEMS AND DATA

- 4.1 The Committee, on 29 September 2011, resolved "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". An update on progress is provided as part of this report rather than create a specific Agenda item.
- 4.2 The Microsoft roll-out was successfully completed in March 2013 with over 5,300 devices migrated. There has been positive feedback on the process, roll-out and the new functionality that the project has delivered. The project was completed on time and within budget.
- 4.3 At the start of the project there were over 1,500 applications that were packaged and deployed across the ICT estate. One of the objectives of the project was to reduce the overall applications in use across the authority, this was successfully achieved with just over 400 applications available to be deployed today a reduction of over 1,000. This was achieved reviewing which applications were still required, removing those that could not be migrated to windows 7 and challenging those applications that could be delivered through a corporate application.
- 4.4 Alongside the Microsoft migration the One Council Systems and Data workstream included a task to ensure that the number of applications used across the authority was kept to a minimum, the output of this is a documented applications portfolio. This lists all the applications currently in use with details of suppliers, the functions they deliver and the services that use them. This will continue to be updated but its main function will be inform decisions when new requirements are identified, with the emphasis on reuse of existing applications and systems. For example the wider use of the Lagan Customer Relationship Management System when service areas need to capture and manage transactions with customers.

**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.

GARY FIELDING  
Corporate Director – Strategic Resources

CAROLE DUNN  
Assistant Chief Executive  
(Legal and Democratic Services)

County Hall  
NORTHALLERTON

27 June 2013

**Background Documents:**

Report to, and Minutes of, Audit Committee meeting held on 8 April 2013