

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

26 June 2014

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.

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
26/09/2013	24 – Statement of Final Accounts including Letter of Representation 2012/13	The question of whether the Police and Crime Panel should be regarded as a Related Party be considered during preparation of the Statement of Account for 2013/14.	On-going in relation to preparation for 2013/14 SoFA.	x
05/12/13	38 – Accounting Policies	That the Corporate Director, Strategic Resources check whether the CLG is proposing to condense the timescale within which external auditors audit year-end financial accounts.	This was a consultation issued by DCLG in late November which closed on the 20 December. The issues relating to the timetable for the Statement of Final Accounts were unexpectedly covered in this consultation. Discussions again took place within the Society of County Treasurers where it was agreed that a joint	x

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			<p>response would be submitted expressing some concern but seeking to work with DCLG to resolve issues. Whilst the County Council was involved in those discussions we have not yet been able to see the final response that was submitted – a copy will be brought back to the Audit Committee once a copy is received.</p> <p>Further requests made for copy and document still awaited</p>	
05/12/13	43 – Progress on 2013/14 Internal Audit Plan	That a representative of Audit North be invited to attend one of the following meetings of the Committee:- 5 March 2014, 26 June 2014, 17 July 2014	A representative from Audit North will attend the meeting on 26 June 2014 to discuss IT audit work completed in 2013/14.	✓
05/12/13	45 – Information Governance	That an update version of the Information Governance Policy Map be circulated to Committee Members	Work is ongoing to update and refresh the Information Governance Policy Map. A copy of the map will be circulated to Members once it is finalised.	x
06/03/14	52 – Progress on 2013/14 Internal Audit Plan	That an advance copy of the report on the outcome of the Payroll audit be circulated to Committee Members as soon as it becomes available and prior to circulation of the Agenda for the Committee's next meeting on Central Services.	To be circulated along with a progress report to update Members	x
06/03/14	52 – Progress on 2013/14 Internal Audit Plan	That the Head of Internal Audit provide Committee Members with the estimated cost, calculated 3 to 4 years previously, of officer time taken to respond to requests submitted under the Freedom of Information Act	The results of the previous exercise were circulated to Members following the meeting. The average officer time was just over 2.5 hrs per request.	✓

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06/03/14	52 – Progress on 2013/14 Internal Audit Plan	That an estimate of the current cost of officer time taken to respond to requests submitted under the Freedom of Information Act be prepared for the forthcoming Members' Seminar regarding Information Governance	A new sample exercise has been conducted and the average time taken by officers to respond to each request is approximately 2 hrs 20 minutes. The average cost in officer time is £64.95 per request.	✓
06/03/14	52 – Progress on 2013/14 Internal Audit Plan	That the CD – SR provide a reminder to all Directorates about the County Council's standard approach to dealing with requests submitted under the Freedom of Information Act and that confirmation be provided to the Committee Chairman when such a reminder has been issued.	Discussions were pursued with the team within Veritau and with directorate FOI contacts. Arrangements widely understood but reminder issued.	✓
06/03/14	53 – Draft Internal Audit Plan for 2014/15	That the CD – SR discuss with the AD Highways and Transportation, a Member's suggestion that the planned audit of the Highways Maintenance Contract might include the circulation of a questionnaire to all County Councillors seeking their views about current performance of the contract and that Committee Members be advised of the outcome of the discussion.	Discussion has taken place and the CD BES has noted the request. The recent review of the performance of the Highways Maintenance contracts has taken Member views into account as part of the conclusion.	✓
06/03/14	55 – Internal Audit Work / Internal Control Matters for the Central Services Directorate	That the Head of Internal Audit consider how his future reports can address the following comments which Members have made during the meeting:- (i) Members wish to see the wording of each Priority 2 action; and (ii) information about implementation dates should be clearer	A new follow up reporting arrangement is proposed. Every six months Members will receive a report confirming the progress made by management to address identified control weaknesses. An escalation policy will also be adopted so that agreed actions which remain outstanding (without good reason) are reported to the Committee. The relevant service head	✓

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
			will be required to attend to explain the reason for delay.	
06/03/14	55 – Internal Audit Work / Internal Control Matters for the Central Services Directorate	That the Chairman and the CD – SR discuss how future reports concerning Directorates’ Risk Registers are presented given “% completion” issues	Issue to be addressed at Corporate Risk Management Group on 20 June 2014	x
06/03/14	57 – Programme of Work	That the Programme of Work should include the following <ul style="list-style-type: none"> • 2020 North Yorkshire • Information Governance – risks arising • Health & Social Care Integration and challenges • Any other issues to be suggested by Committee Members to the CD – SR 	Added to Programme of Work – dates still need to be identified.	x
06/03/14	57 – Programme of Work	That an informal Working Group be established to give detailed consideration to the Annual Governance Statement and submit recommendations to relevant forthcoming meetings of the Committee, and that County Councillor Andrew Backhouse and Mr David Portlock be appointed to serve on that Working Group.	Issue picked up elsewhere on Committee agenda	✓

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 The 2013/14 Treasury Management and Prudential Indicators outturn report which was submitted to the Executive on 17 June 2014 was forwarded to Audit Committee Members on 9 June. A first quarter’s report for 2014/15 up to 30 June 2014 will be available early in August in advance of being considered by executive on 21 August.
- 3.3 There are no current significant issues or development to report to Members although the following points are worth highlighting.

- The County Council have now started investing cash funds on behalf of the Peak District National Authority (as part of an overall investment pool) and proposals to do the same on behalf of Selby District Council are at an advanced stage.
- Following a very accommodating monetary policy, reflected in a 0.5% bank rate, several tranches of quantitative easing and the Funding for Lending initiative the County Council's return on its investment (averaging 0.66% on a total investment pool of £266m at 16 June) continues to drop as banks reduce the rates they are offering.
- Following on from the above point the Bank of England's Governor, Mark Carney surprised many in a speech on 12 June by saying that interest rates may rise sooner than expected. They could begin to do later this year as more experts are warning that the recovering economy risks overheating as concern grows over continuing big increase in house prices.
- The Local Government Association (LGA) are heavily promoting a newly established Municipal Bonds Agency which would borrow funds from investors (principally local authorities) and then lend funds to authorities as an alternative to other borrowing options, which currently is mainly the Government's Public Works Loan Board (PWLB). The LGA have recently contacted all authorities about being founder investors in the Agency and a report will be submitted to Executive and Members of this Committee in due course. At this stage however, an initial officer view, supported by the advice from Capita (formerly Sector) is that the County Council would have no immediate use for the Agency, although this would of course be kept under review.

4.0 RECOMMENDATION

- 4.1 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

BARRY KHAN
Assistant Chief Executive
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NORTHALLERTON

26 June 2014

Background Documents:

Report to, and Minutes of, Audit Committee meeting held on 6 March 2014