

North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Thursday 16 July 2015 at 1.30 pm at County Hall, Northallerton.

Present:-

County Councillor Members of the Committee:-

County Councillor Mike Jordan (in the Chair); County Councillors Margaret Atkinson, John Blackburn (as Substitute for Jim Clark), Eric Broadbent, Helen Grant, Bill Houlton and Cliff Trotter (as Substitute for John Fort BEM).

External Member of the Committee:-

Mr David Portlock.

In Attendance:-

County Councillor Carl Les (Leader of the Council) and County Councillor Gareth Dadd (Executive Member for Central Services, specifically Finance and HR issues).

Deloitte LLP Officer: Celia Craig.

County Council Officers: Gary Fielding (Corporate Director – Strategic Resources), Neil Irving (Assistant Director (Policy and Partnerships)), Ruth Gladstone (Principal Democratic Services Officer) and Peter Yates (Assistant Director - Corporate Accountancy).

Apologies for Absence:

Apologies for absence were received from County Councillor Robert Baker and Mr David Marsh (External Member).

Copies of all documents considered are in the Minute Book

The Chairman advised that this meeting was the Committee's last to be attended by Peter Yates (Assistant Director - Corporate Accountancy) prior to his retirement. The Chairman, on behalf of Members, and the Corporate Director – Strategic Resources each paid tribute to the excellent service Peter Yates had given North Yorkshire County Council and the former North Riding County Council during the previous 46 years and wished him a long and happy retirement.

129. Minutes

Resolved –

That the Minutes of the meeting held on 25 June 2015, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record, subject to the inclusion of County Councillor Helen Grant's name in the list of Members who had tendered apologies for absence for that meeting.

130. Declarations of Interest

County Councillor Mike Jordan advised that he was a Member of North Yorkshire Pension Board. Mr David Portlock advised that he was the Independent Chairman of North Yorkshire Pension Board. These declarations were made in a spirit of openness and transparency. They were not declarable interests under the County Council's Members' Code of Conduct.

131. Public Questions or Statements

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

132. Annual Report on Partnership Governance 2014/15

Considered -

The report of the Corporate Director - Strategic Resources providing an annual report concerning the governance of partnerships involving the County Council for the financial year 2014/15.

No concerns regarding governance arrangements had been identified following a review, by officers from Legal and Democratic Services, of all partnerships with a medium to high risk rating. That review ensured that robust arrangements were in place to protect the interests of the partnership and, in particular, of the County Council.

During discussion, the Corporate Director – Strategic Resources clarified that the risks, within the Statement of Assurance, in relation to Health and Wellbeing related to the risks of failure to maximise opportunities. There were no concerns about the Health and Wellbeing Board's governance arrangements.

The Committee was advised that the Executive, on 7 July 2015, had considered the annual report and had decided that, in future, the Executive should receive an 'issues report', in place of the annual report, on an as and when required basis, highlighting any concerns raised by the Audit Committee about partnership governance.

Resolved -

- (a) That the Annual Report on Partnership Governance be received.
- (b) That the arrangements in place to ensure good governance and reporting of the partnership activity be noted.
- (c) That the contents of the schedule of partnerships that were within the scope of the report as at 31 March 2015 be noted.

133. External Auditor - Audit Planning Reports

Considered –

The following documents from Deloitte LLP:-

- (a) North Yorkshire County Council - Planning Report for 2014/15 Audit.
- (b) North Yorkshire Pension Fund - Planning Report for the 2014/15 Audit.

Celia Craig (Deloitte) introduced the above documents and highlighted Deloitte's audit approach and the more significant areas where Deloitte would focus their attention during their 2014/15 audits.

During discussion:-

- Celia Craig advised that Deloittes were happy with the overall results of the external monitoring of Deloittes' policies and procedures by the Audit Quality Review Team and the ICAEW's Quality Assurance Department.
- Both Celia Craig and the Corporate Director – Strategic Resources advised that they anticipated that the valuation of Pension Fund investments would again be an issue during the audit due, firstly, to the complexity of such valuations and, secondly, because of changes in the global stock markets when a difference of only a few hours could result in a big difference in valuations.

Resolved -

That the Planning Reports for the 2014/15 audits be noted.

134. Statement of Final Accounts 2014/15 - North Yorkshire Pension Fund

Considered –

The report of the Corporate Director – Strategic Resources inviting the Committee to consider the draft Statement of Final Accounts of the North Yorkshire Pension Fund for the financial year 2014/15 in advance of the accounts being audited by Deloittes during July and August and being re submitted to the Committee for formal approval on 24 September 2015.

It was reported that the Pension Fund Committee, on 9 July 2015, had decided, subject to various minor amendments, to approve for referral to the Audit Committee the draft Statement of Final Accounts 2014/15 of North Yorkshire Pension Fund. The Pension Fund Committee had raised no significant issues in relation to the draft Statement of Final Accounts.

Resolved –

That the draft Statement of Final Accounts of the North Yorkshire Pension Fund for 2014/15 be noted.

135. Statement of Final Accounts 2014/15 - North Yorkshire County Council

Considered -

The report of the Corporate Director - Strategic Resources inviting the Committee to consider the draft Statement of Final Accounts of North Yorkshire County Council for the financial year 2014/15 in advance of the accounts being audited by Deloittes during July and August and being re-submitted to the Committee for formal approval on 24 September 2015.

The Committee, on 25 June 2015, had appointed a Sub-Group, comprising the Chairman, Vice-Chairman and Mr David Portlock (External Member), to look in detail at the draft Statement of Final Accounts and the draft Annual Governance Statement and provide feedback to the Committee's meeting on 24 September 2015.

Members highlighted that savings could affect service delivery and internal controls. They asked the Corporate Director – Strategic Resources whether he was comfortable with the County Council's overall spend. The Corporate Director – Strategic Resources responded that financial resilience was a risk to all Councils at

present. He highlighted that a bottom line net saving of £40.0m had been achieved, which included an unspent Corporate Pending Issues Provision (PIP) of £20.6m to enable the County Council to meet the costs of its Waste Project. Savings made on operational budget represented early achievement of the budget/Medium Term Financial Strategy and 2020 North Yorkshire savings which was welcomed because the financial situation in 2015/16 and 2016/17 would be particularly difficult. He advised that the savings delivered in advance in 2014/15 had not had a detrimental effect on service delivery.

In response to questions:-

- (a) The Corporate Director – Strategic Resources explained that the North Yorkshire Business and Education Partnership was not included within the Group Accounts (page 107 of the draft Statement of Accounts booklet) because it was too small. The Corporate Director – Strategic Resources undertook to provide Members with information, including turnover, relating to North Yorkshire Business and Education Partnership to demonstrate why it did not meet the criteria for being categorised, within the County Council's accounts, as being in a group relationship with the County Council.
- (b) That the Corporate Director – Strategic Resources undertook to review the value of assets of trust funds in the table on page 97 and align it with the text at the bottom of the page.

The Corporate Director - Strategic Resources highlighted that the Committee needed to be well placed to sign off the accounts on 24 September 2015. He asked Members to contact him with further questions before 24 September so that any additional information which Members might require could be researched and provided to enable the Committee to make a decision on 24 September 2015.

It was noted that, in future years, new shorter deadlines for auditing and approving the accounts needed to be implemented, in accordance with the 2015 Accounts and Audit Regulations. Officers were currently considering those changes with the aim of undertaking a trial run in advance of the shortened deadlines becoming mandatory.

Resolved -

- (a) That the draft Statement of Final Accounts for 2014/15 be noted in advance of the accounts being audited and re-submitted to the Audit Committee on 24 September 2015 for formal approval.
- (b) That information, including turnover, relating to North Yorkshire Business and Education Partnership be provided to Members to demonstrate why it does not meet the criteria for being categorised, within the County Council's accounts, as being in a group relationship with the County Council.
- (c) That the Corporate Director – Strategic Resources review the value of assets of trust funds in the table on page 97 and align it with the text at the bottom of the page.

136. Programme of Work

Considered -

The Committee's programme of work for 2015/16.

Resolved -

- (a) That the programme of work be approved, subject to representatives of KPMG (future External Auditors) being invited to attend an informal Seminar for Audit Committee Members on 3 December 2015 at 1pm.
- (b) That an informal Seminar for Audit Committee Members be not arranged for immediately before the Audit Committee meeting on 24 September 2015.
- (c) That Members contact the Corporate Director – Strategic Resources with any suggestions for topics which might be covered during future informal Seminars for Audit Committee Members.

The meeting concluded at 2.35pm.

RAG/JR