

North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Wednesday 10 October 2018 at 3.00pm at County Hall, Northallerton

Present:-

County Councillor Members of the Committee:-

County Councillor Cliff Lunn (Chair); County Councillors Karl Arthur, Margaret Atkinson, Jim Clark, Don Mackay and Geoff Webber

Independent Members of the Committee:-

Mr David Marsh, Mr David Portlock and Mr Nick Grubb

In Attendance:-

Deloitte: Nick Raynor / Paul Thomson

Veritau Ltd: Stuart Cutts (Internal Audit Manager)

County Council Officers: Gary Fielding (Corporate Director – Strategic Resources),
Richard Webb (Corporate Director – Health & Adult Services)
Anton Hodge (AD – Strategic Resources HAS)
Robert Ling (AD – Technology & Change)
Neil Irving (AD – Policy & Partnerships)
Melanie Carr (Democratic Services)

Apology for Absence:-

Apologies for absence were received from County Councillors Robert Baker and David Hugill.

Copies of all documents considered are in the Minute Book

83. Minutes

Resolved -

That the Minutes of the meeting held on 26 July 2018, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

84. Declarations of Interest

There were no declarations of interest.

85. Public Questions or Statements

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

86. Progress on Issues Raised by the Committee

Considered -

A joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal & Democratic Services) which advised of progress on issues which the Committee had raised at previous meetings, together with an update on other matters that related to the work of the Committee.

The Corporate Director – Strategic Resources introduced the report, advising of progress with the two new property funds, and an overview of the work undertaken to rebalance North Yorkshire Pension Fund investment. Committee members also noted the ongoing work to provide Treasury Management support to both Ryedale District Council and Align Property Partners.

Resolved -

That the report be noted.

87. Health and Adult Services Directorate Internal Audit Work & Control Matters

Considered -

- A report of the Head of Internal Audit on internal audit performance during the year ending 31 August 2018 for the Health & Adult Services (HAS) Directorate which reported that the overall opinion of the Head of Internal Audit concerning the framework of governance, risk management and control operated within that Directorate was that it provided Substantial Assurance.
- The report of the Corporate Director – Health & Adult Services which outlined some of the key service risks and governance developments within the Directorate and provided details of the updated Risk Register for the Health & Adult Services Directorate.

Stuart Cutts (Veritau Manager) confirmed the excellent engagement and support from the Health & Adult Services Directorate and together with Richard Webb (Corporate Director – Health & Adult Services), responded to Members' questions, confirming that:

- Regulators provided national oversight of large providers to ensure they were working in a fit and proper way.
- Residential care controls were not in the original scope of works but a detailed piece of work had been scheduled in response to recognised weaknesses in the bed returns process, the results from which would be known early next year. An audit would also be undertaken to identify whether progress had been made.
- In regard to the audit of Direct Payments, the work of the Fraud team had only just concluded, so the follow up audit was yet to start.
- Previous fraud cases had led to prosecutions. The decision to prosecute was a decision following conversations between Legal, Veritau, the Directorate and the Corporate Director - Strategic Resources.
- The population of North Yorkshire generally lived to a good age (80+) which was higher than the national average. There was a high prevalence of early onset dementia and those with complex medical problems were living longer, to which the care market needed to respond.
- Work is undertaken regularly to map access to domiciliary care across the region.
- The transfer of Care from the NHS to Local Authorities means that future reforms will impact on Local Authorities, and evidence shows that Health and Care integrations are more expensive.
- Care sector funding sources are complex and require comprehensive reform.

- Quality Assurance Officers carry out contract and quality inspections and failing providers are supported – closure being a final resort.

Committee members noted the key risks and risk reduction actions detailed in the Directorate Risk Register, and Richard Webb (Corporate Director – Health & Adult Services Directorate) outlined a number of likely key risks beyond 2020 and the action plan in place to tackle the overspend within Care and Support.

Referring to the slides provided at the meeting on addressing the £4m overspend (as set out in the Q1 report), Richard Webb outlined the work undertaken to date and the need for identifying those resources that individuals could access independently, so that directorate resources could be refocused on the provision of additional support and the design of care packages based only on that additional need.

In response to Members' queries about whether interim milestones were in place to track progress on long term actions, and whether the Authority was being too optimistic with some of its post risk reduction assessments, officers expressed their confidence in the Extra Care programme and the Authority's ability to achieve the identified savings.

Officers also confirmed other issues to be addressed included increasing productivity and sickness absence.

Resolved -

- (a) That it be noted that the Committee, having considered the report of the Head of Internal Audit, was satisfied that the internal control environment operating in the Health & Adult Services Directorate was both adequate and effective.
- (b) That the updated Risk Register for the Health & Adult Services Directorate be noted.

88. Internal Audit Report on Information Technology, Corporate Themes and Contracts

Considered -

A report of the Head of the Internal Audit on the internal audit work completed during the year to 31 August 2018 in respect of information technology (IT), corporate themes and contracts and reported that the overall opinion of the Head of Internal Audit concerning the framework of governance, risk management and control operated across the three functional areas was that it provided Substantial Assurance.

Robert Ling (Assistant Director Technology & Change) confirmed that all the necessary skills were held in-house to provide the necessary level of IT internal support to the organisation.

In response to questions raised, it was also confirmed that:

- In regard to Transparency, Veritau were close to finalising the audit on compliance.
- Improvements in transparency had been identified and going forward the right approach was in place to ensure easier online access to information.
- Cyber security was to be discussed at a later time, and it was expected that the LGA would report on how it looked across all Local Authorities in the near future.
- More Member training on cyber security would be required as scams became more and more sophisticated.

Resolved -

That the Committee, having considered the report of the Head of Internal Audit, was satisfied that the internal control environment operating across the three functional areas in IT was both adequate and effective.

89. Business Continuity – Update Report

Considered –

The report of the Head of Resilience and Emergencies which provided an overview of the County Council's current resilience and business continuity arrangements and advised of the continued assurance for the management of risk within Directorates and service areas.

In introducing the report, the Neil Irving (Assistant Director – Policy, Partnerships & Communities) highlighted that the provision of a structured framework for communication and management of information across all Directorates during any disruption allowed informed strategic management decisions to be made across the organisation, thereby identifying priorities in the restoration of critical services. Neil Irving gave a number of examples of how business continuity had been tested – Gas supply issues in Bedale and Helmsley in December 2017, and the Northallerton School incident.

Another example was given by Robert Ling (Assistant Director Technology & Change), who confirmed that during a recent period of severe weather, NYCC's IT system was able to manage over 2000 staff members logging on remotely in one day, peaking at 1500 at one time, made possible by increasing the number of servers ahead of time in preparation.

Gary Fielding (Corporate Director - Strategic Resources) acknowledged that business continuity planning was an on-going process and suggested that Brexit would be a real-life continuity test for NYCC services etc.

It was noted that the Resilience and Emergencies Team and Directorates would continue to work together within the identified structures to ensure robust well-planned and exercised business continuity arrangements were in place to provide the required assurance across the organisation.

Resolved -

That the current business continuity, planning and resilience arrangements within North Yorkshire County Council, and the Management Board endorsement of the County Council's Corporate Business Continuity Plan, be noted.

90. Annual Audit Letter 2017/18

Considered -

KPMG's Annual Audit Letter 2017/18 which summarised the outcome from the audit work carried out by KPMG in respect of the year ended 31 March 2018.

Resolved -

That the Annual Audit Letter be noted

91. Progress on 2018/19 Internal Audit Plan

Considered -

The report of the Head of Internal Audit which advised of progress made in delivering the 2018/19 Internal Audit Plan and any developments likely to impact on the Plan throughout the remainder of the financial year.

Stuart Cutts (Veritau Audit Manager) outlined the authorised variations to the plan since the last progress report. He also drew attention to the forthcoming external assessment of Veritau to be undertaken in November 2018, and highlighted the independent nature of the process.

Resolved -

That the Committee noted:

- The progress made in delivering the 2018/19 Internal Audit programme of work and the variations agreed by the client officer.
- The planned external quality assessment of audit working practices by the South West Audit Partnership

92. Annual Report of the Audit Committee

Considered -

The report of the Chair of the Audit Committee which invited members to consider the draft Annual Report for the year ended 30 September 2018 prior to its submission to the County Council.

The Chair thanked officers for their input in drafting the report.

Resolved -

- (a) That the report be noted.
- (b) That the draft Annual Report of the Audit Committee, as appended to the report, be approved for submission to the County Council.

93. Audit Committee Terms of Reference/Review of Effectiveness

Considered -

The report of the Corporate Director - Strategic Resources asking members to consider whether any changes were required to the Audit Committee's terms of reference, in line with the requirement to review those terms of reference on an annual basis. The Committee was also asked to consider whether to proceed with a review of the Committee's effectiveness and the form and scope of any such review.

Gary Fielding (Corporate Director - Strategic Resources) highlighted the proposed minor changes to the Committee's terms of reference which reflected the updated CIPFA guidance. In regard to the proposed review, he also outlined the various options available to the Committee and the possible ways for conducting such a review i.e. setting up a working group or requesting a peer review.

During discussion, the difference in the role of the Audit Committee to that of an overview and scrutiny committee was noted, together with the arrangements in place to ensure the appropriate audit of the County Council's governance arrangements.

Resolved -

- (a) That it be recommended to the County Council that the proposed changes to the terms of reference of the Audit Committee, as set out in Appendix 1 to the report, be approved.
- (b) That a working group be set up to undertake a review of the Committee's effectiveness, and;
- (c) That the Chair and Gary Fielding seek working group volunteers via email.

94. Audit Committee Work Programme

Considered -

The Committee's Work Programme for 2018/19 which now included the committee meeting dates up to December 2019, as requested at the previous meeting.

Resolved -

That the Work Programme be approved.

The meeting concluded at 4:30 pm.

MLC