

# North Yorkshire County Council

## Audit Committee

Minutes of the meeting held on Monday 22 July 2019 at 1.30 pm at County Hall, Northallerton

### Present:-

### County Councillor Members of the Committee:-

County Councillor Cliff Lunn (in the Chair); County Councillors Karl Arthur, Robert Baker, Jim Clark, David Hugill, Don Mackay, Andy Paraskos (as Substitute for Margaret Atkinson) and Geoff Webber

### Independent Member of the Committee:-

Mr David Portlock

### In Attendance:-

County Councillor Carl Les (Leader of the County Council)

Deloitte Officers:- Paul Thomson and Nick Rayner

County Council Officers:- Gary Fielding (Corporate Director – Strategic Resources), John Raine (Head of Technical Finance, Strategic Resources), Karen Iveson (Assistant Director - Strategic Resources), Amanda Alderson (Senior Accountant - Strategic Resources) and Ruth Gladstone (Principal Democratic Services Officer)

### Apology for absence:-

An apology for absence was presented to the meeting on behalf of Mr David Marsh (Independent Member).

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**Copies of all documents considered are in the Minute Book**

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### 133. Minutes

#### Resolved -

That the Minutes of the meeting held on 21 June 2019, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

### 134. Declarations of Interest

There were no declarations of interest.

### 135. Public Questions or Statements

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

**136. External Audit Reports 2018/19 on North Yorkshire County Council and North Yorkshire Pension Fund**

Considered -

The reports of Deloitte which summarised the key findings in relation to the 2018/19 external audits of the County Council and North Yorkshire Pension Fund.

The report relating the County Council was introduced by Paul Thomson of Deloitte who highlighted that the audit had generally gone well. However, there was a significant item outstanding, namely, Deloitte's Actuary's consideration of the County Council's pensions liability following the McCloud judgement. (The McCloud judgement related to transitional protection on pensions and had implications for the whole of the local government sector.) Paul Thomson explained that the County Council had asked its Actuary to update the calculation of the County Council's pensions liability following the McCloud judgement. The information from the County Council's Actuary had come back late during the previous week and Deloitte had subsequently asked their Actuary to review the information from the County Council's Actuary. Paul Thomson advised that such action was necessary because the pension liability was a significant risk area and was judgemental. He further advised that Deloitte anticipated receipt of their Actuary's opinion during the 24-48 hours following this meeting. However, that information was not available for reporting to this meeting.

Paul Thomson clarified that, subject to the situation regarding the McCloud judgement being resolved, Deloitte were happy to issue a "clean" opinion on the County Council's Statement of Final Accounts for 2018/19 by 31 July 2019.

The Committee discussed the decisions it could make at this meeting to address the situation described above. (The Committee's subsequent decision is recorded in paragraph (b) of the Resolution to Minute 138.)

Paul Thomson and Nick Rayner of Deloitte then introduced the other issues set out in Deloitte's reports and responded to Members' questions.

Paul Thomas expressed Deloitte's thanks to the County Council for the high quality of the working papers and very good support. He advised that there was a high degree of transparency in the County Council and that Deloitte had good dialogue with the County Council.

**Resolved -**

That the reports be noted.

**137. Report of the Members' Working Group following the Detailed Review of the Draft Statement of Final Accounts (incorporating Annual Governance Statement) for 2018/19**

Considered -

The report of the Members' Working Group which set out the Group's recommendation concerning the Annual Governance Statement 2018/19 and the Statement of Final Accounts 2018/19.

Mr David Portlock introduced the report, highlighting that it gave an indication of the areas and issues which the Group had discussed with officers. He also advised that the Group recommended the Audit Committee, at the next item of business on the agenda for today's meeting, to approve the Statement of Final Accounts and the Annual Governance Statement for 2018/19.

Mr David Portlock commended Fiona Sowerby (Corporate Risk and Insurance Manager) in respect of the Annual Governance Statement, and John Raine (Head of Technical Finance) in respect of the Statement of Accounts, advising that they were very professional and very much engaged, and had responded very quickly to any issues which were raised.

**Resolved -**

That the report be noted.

**138. Statement of Final Accounts for 2018/19 including Letter of Representation**

Considered -

The report of the Corporate Director - Strategic Resources which advised of developments since the Committee's meeting held on 21 June 2019 and invited the Committee to approve the Letter of Representation to the External Auditor, the Statement of Final Accounts for 2018/19 following completion of the external audit of those accounts, and the Annual Governance Statement for 2018/19.

John Raine (Head of Technical Finance) introduced the report, highlighting that minor changes had been made to the Statement of Accounts, including the insertion of an extra sentence in the Note relating to fees and charges, subsequent to the Committee's meeting on 21 June 2019.

John Raine reported that a Letter of Representation in respect of the North Yorkshire Pension Fund also required approval. That letter was broadly the same as the proposed letter relating to the County Council which was at Appendix A to the report. He recommended the Committee to authorise its Chairman to sign both Letters of Representation.

In response to Members' questions, the Corporate Director – Strategic Resources confirmed that he was content to sign the Letters of Representation. Also Amanda Alderson (Senior Accountant - Strategic Resources) clarified that the Actuary had not wished to make any changes to the Statement of the Actuary dated 30 April 2019.

The Corporate Director – Strategic Resources expressed his thanks to Paul Thomson and Nick Rayner of Deloitte for their work and for the very courteous manner in which they always acted; to the Members' Working Group and in particular Mr David Portlock who devoted significant time to looking at the draft Statement of Accounts; and to John Raine (Head of Technical Finance) and Amanda Alderson (Senior Accountant - Strategic Resources) and their Teams for all their work.

**Resolved –**

- (a) That the Chairman be authorised to sign, on behalf of the Audit Committee:-
  - (i) the Letter of Representation in respect of North Yorkshire County Council, as set out at Appendix A to the report; and
  - (ii) the Letter of Representation in respect of North Yorkshire Pension Fund.

- (b) That, in relation to the Statement of Final Accounts 2018/19:-
- (i) the changes to the Final Statement of Final Accounts, as set out at paragraph 4 of the report and Appendix B to the report, be noted;
  - (ii) the Final Statement of Final Accounts for 2018/19, as set out at paragraph 5.2 of the report, be approved;
  - (iii) the Chairman be recommended to sign the Statement of Responsibilities for the Statement of Accounts, as set out at Appendix C to the report; and
  - (iv) the Corporate Director – Strategic Resources advise the Chairman of the outcome of Deloitte’s Actuary’s consideration of the County Council’s pensions liability and take any further action which the Corporate Director – Strategic Resources considers necessary and subsequently inform the remainder of the Committee’s membership of the situation.
- (c) That the Annual Governance Statement 2018/19 be approved and that the Chairman be authorised to sign, on the Committee’s behalf, the Annual Governance Statement.

### **139. Audit Committee Work Programme**

Considered -

The Committee’s Programme of Work which identified items of business scheduled to be considered at each of the Committee’s forthcoming meetings.

Ruth Gladstone (Principal Democratic Services Officer) advised that a survey of Members had identified that Monday afternoons were the most convenient time of the week for holding Audit Committee meetings. The County Council’s calendar of meetings for 2020/21 was currently being prepared and a request had been submitted for the Committee’s meetings, from June 2020 onwards, to be held on Monday afternoons. There was no intention to change the dates of meetings scheduled for the afternoons of Friday 25 October and Friday 20 December 2019 and Friday 27 March 2020.

Members asked that no changes be made to meeting dates once they had been published and notified to Members.

**Resolved -**

That the Work Programme be noted.

The meeting concluded at 2.20pm.

RAG/JR