

North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Friday 25 October 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, Margaret Atkinson, Robert Baker, Don Mackay and Andy Paraskos (as Substitute for Jim Clark)

Independent Members of the Committee:-

Mr Nick Grubb, Mr David Marsh and Mr David Portlock

In Attendance:-

Deloitte Officers:- Paul Thomson and Nick Rayner

Veritau Officer: Max Thomas (Head of Internal Audit)

County Council Officers:- Gary Fielding (Corporate Director – Strategic Resources), Anton Hodge (Assistant Director – Strategic Resources), Rachel Kemp (Head of Integration, Access to Services, Care and Support, Health and Adult Services Directorate), Michael Rudd (Head of Housing Market Development, Commissioning Unit, Health and Adult Services Directorate), Simon Wright (Senior Emergency Planning Officer, Policy, Partnerships and Communities Unit, Central Services Directorate) and Ruth Gladstone (Principal Democratic Services Officer)

Apologies for absence:-

Apologies for absence were received from County Councillors David Hugill and Geoff Webber.

Copies of all documents considered are in the Minute Book

140. Minutes

Resolved -

That the Minutes of the meeting held on 22 July 2019, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record, subject to the correction of the spelling of Paul Thomson's name in the last paragraph of the preamble of Minute 136.

141. Declarations of Interest

There were no declarations of interest.

142. Public Questions or Statements

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

143. Progress on Issues Raised by the Committee

Considered -

The joint report of the Corporate Director - Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) which advised of progress made on issues which the Committee had raised at previous meetings, and Treasury Management matters that had arisen since the Committee's last meeting.

During discussion, it was confirmed that work was being undertaken to assess the implications of the Government's announcement that interest rates on all new loans from the Public Works Loan Board (PWLB) would be increased by 1%. However, the County Council had no current plans to borrow funds from the PWLB.

Resolved -

That the report be noted.

144. Annual Audit Letter on the 2018/19 External Audit

Considered -

The Annual Audit Letter 2018/19 which summarised the outcome from the external audit work carried out by Deloitte in respect of the year ended 31 March 2019.

During discussion, Paul Thomson (Deloitte) apologised that the Annual Audit Letter showed an incorrect postal address for North Yorkshire County Council. He advised that the Letter had been corrected and that the corrected version would be published on the website of Public Sector Audit Appointments Ltd (PSAA).

Resolved -

That the Annual Audit Letter 2018/19, as amended to show the correct postal address for the County Council, be noted.

145. Annual Report of the Audit Committee

Considered -

The report of the Chair of the Audit Committee which invited consideration of the draft of the Committee's Annual Report for the year ended 30 September 2019, prior to submission of the Annual Report to the forthcoming meeting of the County Council.

During discussion, it was suggested and agreed that the word "material" should be inserted after the words "had not identified any" within the second sentence of the paragraph numbered 3 on the second page of 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, subject to the word "material" being inserted after the words "had not identified any" within the second sentence of the paragraph numbered 3 on the second page of the report.

146. Progress on 2019/20 Internal Audit Plan

Considered -

The report of the Head of Internal Audit which:- advised of progress made in delivering the 2019/20 Internal Audit Plan and developments likely to impact on the Plan throughout the remainder of the financial year; and sought approval for changes to the Audit Charter.

During discussion, officers clarified the following:-

- The Head of Internal Audit had no particular concerns regarding the areas to which days were now being allocated.
- Information Governance, to which an additional 45 audit days were being allocated, remained a high risk area for the County Council. However, it was currently unknown whether an increase in days for Information Governance would be needed in future years.
- Most of the audits were being postponed to the following year, rather than being cancelled. Such postponements were considered appropriate due, in most cases, to other internal work being undertaken within the service area.
- The Head of Internal Audit was confident that there were no areas where Veritau did not follow the updated CIPFA Statement on the Role of the Head of Internal Audit.

Members asked for further training to be arranged for them in respect of counter-fraud.

Resolved -

- (a) That the progress made in delivering the 2019/20 Internal Audit programme of work, and the variations agreed by the client officer, be noted.
- (b) That the proposed changes to the Internal Audit Charter be approved.
- (c) That the updated CIPFA Statement on the Role of the Head of Internal Audit be noted.
- (d) That further training be arranged for Committee Members in respect of counter-fraud.

147. Health and Adult Services Directorate - Internal Audit Work and Internal Control Matters

Considered -

- The report of the Head of Internal Audit which advised of the internal audit work performed during the year ended 31 August 2019 in respect of the Health and Adult Services Directorate.
- The report of the Corporate Director - Health and 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 and Adult Services Directorate.

During discussion, Members recognised the budget pressures on Adult Social Care and the role which the County Council could play in the care market.

Resolved -

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

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

Considered -

The report of the Head of Internal Audit which advised of the internal audit work performed during the year ended 31 August 2019 in respect of information technology, corporate themes, and contracts.

During discussion, officers clarified the following:-

- An annual report concerning procurement and contract management was scheduled to be submitted to the Committee's meeting in June 2020, at which time further consideration could be given to the area of contractor due diligence.
- There was no inconsistency between the audit opinion of "Limited Assurance" relating to contractor due diligence, and the content of the Committee's Annual Report, because the two issues related to different aspects of County Council activity.

Resolved -

That it be noted that the Committee, having considered the report of the Head of Internal Audit, is satisfied that the internal control environment operating in respect of information technology, corporate themes, and contract arrangements is both adequate and effective.

149. Business Continuity - Update Report

Considered -

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

During discussion, officers clarified that the County Council's Resilience and Emergencies Team worked to the County Council's Corporate Risk Register, rather than the Team having its own Risk Register.

Resolved -

That the recent challenging incidents which have been managed by County Council Directorates, overseen by the Business Continuity Champions and fully supported by the Resilience and Emergencies Team, together with the continued efforts of all service areas at North Yorkshire County Council to embed resilient practice, be noted.

150. Fees and Charges Strategy

Considered -

The report of the Corporate Director - Strategic Resources which sought comments on a proposed Fees and Charges Strategy which had been developed for North Yorkshire County Council.

The Corporate Director – Strategic Resources advised that Members could make comments on the proposed Strategy either during this meeting, or by writing or phoning him outside this meeting.

During discussion, Members commented that, at times when costs were being cut, it was necessary to look at income. The External Members of the Committee queried whether decisions on fees and charges were political, and whether different Directorates had different customer bases/markets. The Corporate Director – Strategic Resources responded that the proposed Strategy would not override policy, and that the aim of the Strategy was to require annual reviews of all fees and charges.

Resolved -

That the report, together with Members' comments made during the debate, be noted.

151. Audit Committee Work Programme

Considered -

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

Resolved -

- (a) That the Work Programme be noted.
- (b) That the dates of meetings of the Committee, to be held after May 2020, be included in the Work Programme once announced in November 2019.
- (c) That the Corporate Director – Strategic Resources, in consultation with the Head of Internal Audit, allocate training sessions to specific dates in respect of:-
(i) counter-fraud; (ii) Pension Governance; and (iii) Beyond 2020 including Property Rationalisation.

The meeting concluded at 2.50pm.
RAG/JR