

North Yorkshire County Council

Audit Committee

Minutes of the remote meeting held on Monday 14 December 2020 at 1.30 pm

This meeting was live broadcast on the North Yorkshire County Council YouTube site and a recording is available using the following link - <https://www.northyorks.gov.uk/live-meetings>

Present:-

County Councillor Members of the Committee:-

County Councillor Cliff Lunn (in the Chair, within the exception (due to an IT issue) of part of the discussion at Minute 182); County Councillor Margaret Atkinson (in the Chair in the absence of County Councillor Cliff Lunn); and County Councillors Karl Arthur, Robert Baker, Jim Clark, David Hugill, Don Mackay and Geoff Webber

Independent Members of the Committee:-

Mr Nick Grubb, Mr David Marsh and Mr David Portlock

In Attendance:-

County Councillor Carl Les (Leader of the County Council)

Deloitte Representatives: Nicola Wright and Nick Rayner

Veritau Officer: Max Thomas (Head of Internal Audit)

County Council Officers:- Gary Fielding (Corporate Director – Strategic Resources), Kevin Draisey (Head of Procurement and Contract Management), Anton Hodge (Assistant Director – Strategic Resources), Neil Irving (Assistant Director – Policy, Partnerships and Communities), Karen Iveson (Assistant Director – Central Services), Fiona Sowerby (Head of Insurance and Risk Management), Richard Webb (Corporate Director of Health and Adult Services) and Ruth Gladstone (Democratic Services)

Copies of all documents considered are in the Minute Book

176. Minutes

Resolved -

That the Minutes of the meeting held on 26 October 2020, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

177. Declarations of Interest

No declarations of interest were made.

178. Public Questions or Statements

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

179. 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 on other matters that had arisen since the Committee's previous meeting that related to the Committee's work.

Gary Fielding (Corporate Director – Strategic Resources) introduced the report and responded to Members' questions. During discussion:-

- Gary Fielding undertook to circulate a draft copy of the Treasury Management Strategy to Audit Committee Members and External Members prior to its publication as part of the papers for the meeting of the full County Council to be held in February 2021.
- Gary Fielding confirmed that local authorities which wished to buy commercial assets primarily for yield remained free to borrow from the Public Works Loan Board (PWLB) but were now not able to take out new loans from the PWLB in year where they had any plans to buy commercial assets at any point during the subsequent three year period. North Yorkshire County Council did not borrow to fund commercial investments through loans from the PWLB or money markets, although the revised PWLB terms were likely to impact on the County Council's Treasury Management Strategy.

Resolved -

That no further follow-up action be required in respect of any of the matters referred to in the report.

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

Considered -

- (a) The report of the Head of Internal Audit which advised of the internal audit work performed during the period 1 September 2019 to 31 October 2020 for the Health and Adult Services Directorate.
- (b) The report of the Corporate Director – Health and Adult Services which provided an update of progress against the areas for improvement identified through internal procedures, together with details of the latest Risk Register for the Health and Adult Services (HAS) Directorate.

Max Thomas (Head of Internal Audit) introduced the report at (a). He added that Internal Audit had had good engagement and co-operation from the Health and Adult Services Directorate throughout the period and there were no significant issues to bring to the Committee's attention. Max Thomas responded to Members' questions.

Richard Webb (Corporate Director – Health and Adult Services) introduced the report at (b) and also gave a brief situation report regarding Covid-19. Richard Webb, together with Anton Hodge (Assistant Director – Strategic Resources), responded to Members' questions.

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 Risk Register for the Health and Adult Services Directorate be noted.

181. Progress on 2020/21 Internal Audit Plan

Considered -

The report of the Head of Internal Audit which advised of progress made to date in delivering the 2020/21 Internal Audit Plan and developments likely to impact on the Plan throughout the remainder of the financial year.

Max Thomas (Head of Internal Audit) introduced the report and responded to Members' questions. During discussion:-

- Max Thomas clarified that the 2020/21 Internal Audit Plan was more agile than in previous years' plans. The Plan adopted in July 2020 had identified broad areas to be audited in 2020/21 with the expectation that specific audits would be identified later in the year.
- Max Thomas advised that he did not see a risk around the ability of Internal Audit to provide an annual opinion on North Yorkshire County Council for 2020/21. He was aware that, in some local authorities, internal auditors had been diverted away from audit work to provide assistance and resource to the Covid-19 response. In reply to further questions from Members, Max Thomas advised that, if North Yorkshire County Council diverted internal audit resources away from internal audit work for the remainder of 2020/21, there would be insufficient information available to provide a realistic audit opinion for 2020/21 and, in that situation, recently published guidance for Heads of Internal Audit would be relevant. However, he did not foresee such a diversion of internal audit resources happening and he considered Internal Audit to be in a strong position to provide an annual opinion on North Yorkshire County Council for 2020/21.
- Max Thomas confirmed that the scope of a forthcoming piece of audit work would be to look at the Council's arrangements for scrutinising and monitoring the activities and risks associated with the Council Council's council-owned companies. This would be undertaken from the shareholder's perspective to see that there were controls and processes in place to mitigate risks to the County Council as shareholder, and also as a customer of the services which were being delivered.
- Max Thomas confirmed that current performance in responding to FOI requests was below target and that improvements would be sought once North Yorkshire came out of the Covid-19 pandemic.

Resolved -

That the progress made in delivering the 2020/21 Internal Audit programme of work be noted.

182. Procurement and Contract Management Update

Considered -

The report of the Corporate Director – Strategic Resources which provided an update on the work of the Procurement and Contract Management Service including key achievements, recent activity and response to the Covid-19 pandemic.

Kevin Draisey (Head of Procurement and Contract Management) introduced the report and responded to Members' questions. During discussion:-

- Members congratulated Kevin Draisey and his Team for the recognition they had received at national level.
- Kevin Draisey advised that currently stock was being taken of the situation regarding the supply chain and instability arising from Brexit to ascertain whether the KPI for supply chain savings was still deliverable and feasible. He advised that more information would be provided to the Committee once the situation became clearer during forthcoming months.

Resolved -

That progress on key achievements and recent activity be noted.

183. Risk Management - Progress Report

Considered -

The report of the Corporate Director – Strategic Resources.

Fiona Sowerby (Head of Insurance and Risk Management) introduced the report and responded to Members' questions. During discussion:-

- County Councillor Geoff Webber expressed concern that the risk "Schools Funding Challenges" had been deleted from the Corporate Risk Register because he felt this risk continued to be a big issue. Fiona Sowerby and Gary Fielding (Corporate Director – Strategic Resources) responded. Gary Fielding provided an assurance that schools' funding challenges were very much "on the radar". He added that the Corporate Risk Register was about recognising priorities right now, for example, Covid—19 and local government reorganisation. The Chairman provided an undertaking to raise this matter with the Corporate Director – Children and Young People's Services.

Resolved -

That the updated Corporate Risk Register, the links between Directorate Risk Registers and the Corporate Risk Register, and the position on other Risk Management related matters, be noted.

184. Annual Report on Partnership Governance 2019/20

Considered –

The report of the Assistant Director – Policy, Partnerships and Communities which provided information to enable the Committee to review the effectiveness of partnership governance arrangements for the financial year 2019/20.

Neil Irving (Assistant Director – Policy, Partnerships and Communities) introduced the report and, together with Gary Fielding (Corporate Director – Strategic Resources) responded to Members’ questions.

Resolved –

- (a) That the report be noted.
- (b) That the arrangements in place to ensure good governance and reporting of 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 2020, as set out in Appendix 1 to the report, be noted.

185. CIPFA Financial Management Code

Considered -

The report of the Corporate Director - Strategic Resources which advised of the extent to which the County Council already complied with the requirements of CIPFA’s Financial Management Code which aimed to ensure a high standard of financial management in local authorities.

Karen Iveson (Assistant Director – Central Services) introduced the report.

Resolved -

- (a) That the introduction of the CIPFA Financial Management Code, together with the self-assessment of compliance with the Code as detailed in the Appendix to the report, be noted.
- (b) That the identified officers address the actions as detailed in the Appendix to the report.
- (c) That a further report on progress be brought back to Audit Committee ahead of the deadline for full compliance.

186. Audit Committee Work Programme

Considered -

The Committee’s Work Programme which identified items of business scheduled for consideration at each of the Committee’s forthcoming meetings.

Gary Fielding (Corporate Director – Strategic Resources) advised that the planned training “Beyond 2020 including Property Rationalisation” needed to be deferred because it had been overtaken by Covid-19 and other issues.

Gary Fielding explained that the reviews of finance procedure rules, contract procedure rules, and property procedure rules would be brought to the Committee as and when required. The Chairman expressed support for that approach.

Resolved -

That the Work Programme be noted.

The meeting concluded at 3.30 pm.