

North Yorkshire Council

Audit Committee

Minutes of the meeting held on Monday, 11th December, 2023 commencing at 1.30 pm at County Hall, Northallerton.

Committee Members present: Councillor Cliff Lunn in the Chair; plus Councillors Alyson Baker, Philip Broadbank, Mark Crane, George Jabbour, Neil Swannick, Felicity Cunliffe-Lister, Paul Haslam (Substitute for Karin Sedgwick), John Mann (Substitute for Peter Wilkinson), Mr David Marsh and Mr David Portlock.

In attendance: Councillor Carl Les, Leader of the Council.

Officers present: Gary Fielding, Nic Harne, Richard Webb, Karen Iveson, Anton Hodge, John Raine, Paul Foster, Fiona Sowerby, Max Thomas, Katie Longstaff, Matthew Robinson, Stephen Loach, Saskia Calton and Paul Preston.

Other Attendees: Mark Kirkham and Rob Walker, Mazars, Nicola Wright, Deloitte, Richard Tebbs and Claire Mellons, Ernst and Young PLC.

Apologies: Councillors Mike Jordan, Karin Sedgwick and Peter Wilkinson.

Copies of all documents considered are in the Minute Book

Chair's Announcements

The Chair informed the Committee that there was one item of urgent business for this meeting – Final Accounts and Audit Update that had been added as a supplement to the agenda and a report has been circulated to the Committee. The reason for the urgency was the report needed to be considered in conjunction with agenda item 8 on the agenda (minute 105 below) as the final accounts report includes the former Hambleton District Council Accounts and letter of representation for 2019/2020.

The Committee was further informed that notification had also been received that Councillor Mike Jordan had been appointed as a member of the Committee but he was unable to attend to today's meeting and had submitted his apologies for absence.

87 Minutes of the Meeting held on 23 October 2023

Resolved –

That the Minutes of the meeting of the Audit Committee held on 23 October, 2023, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

88 Declarations of Interest

There were no declarations of interest.

89 Public Participation

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

90 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.

David Marsh, Co-opted Member, commented on the Treasury Management update.

Resolved –

That the report be noted.

91 Procurement and Contract Management Update

Considered: The report of the Corporate Director, Resources which provided the Committee with an update on the work of the Procurement and Contract Management Service, including key achievements, recent activity and the continuing focus on developing and supporting healthy supply chains.

Katie Longstaff from the Procurement and Contract Management team, introduced the report, gave a brief overview of the update on the work of the service and answered Members' questions thereon.

The Committee commented on the report recognising capacity and resources continued to be an issue, along with the integration of staff from the legacy Council's into a new North Yorkshire Council team.

Gary Fielding, Corporate Director, Resources responded to questions regarding staffing and turnover of staff. He added that this recruitment and retention was challenging with some staff having left to take up opportunities in other parts of the public sector or in the private sector. Working for North Yorkshire Council offered great opportunities, such as the pension scheme and flexible working in addition to the salaries on offer.

Resolved – That the Committee

- a) Notes the progress on key achievements and recent activity;
- b) Receive a further update following the review and refresh of the Strategy by April, 2024; and
- c) Members' comments on the report, as outlined at this meeting, be received to further add value to the ongoing work on procurement and contract management, especially

in relation to delivering the procurement and contract management strategy.

92 Commercial Governance Review

Considered: The report of the Corporate Director, Resources which provided an update on the report submitted to the North Yorkshire County Council's Audit Committee on 12 December 2022 regarding best practice for commercial governance set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) updated publication "Local Authority Owned Companies – A good practice guide 2022 edition".

Karen Iveson, Assistant Director, Resources introduced the report, adding this was a progress update interim report and a more detailed report would be brought before the Committee in early 2024.

Resolved –

That the Audit Committee notes the contents of the report and agree to receive a further final report at the Committee's March 2024 meeting.

93 Hambleton District Council Audit Results Report - Year Ending 31 March 2020

Considered: The report of Ernst Young LLP on the Hambleton District Council Audit Results report for the year ended 31 March, 2020

Richard Tebbs, Manager in person and Claire Mellons, Senior Manager (remotely via MS Teams) joined the meeting and introduced the Audit Results report, highlighted the salient points within the document and invited the Committee's questions and comments thereon.

The Committee commented on the report and highlighted and expressed concern at the lack of transparency and audit trail around the financial exit packages for senior Officers as detailed in the external auditors report. Claire Mellons, Senior Manager responded on actions arising from this finding that fed into subsequent external audits at that Council.

Comments were also made on the summary of adjusted differences and summary of unadjusted differences under the heading "Audit Differences" in the submitted report.

Members were reminded that they needed to look at whether there were any issues moving forward that North Yorkshire Council needed to consider or learn from.

Gary Fielding, Corporate Director, Resources added that he could not guarantee there would not be minor accounting errors in future audits. However management also kept a continual close eye on potential areas of significant concern that might arise.

Resolved –

- a) That the Hambleton District Council Audit Results report be noted.
- b) The Committee delegate authority to the Chair and Corporate Director, Resources, (S.151 Officer) to sign the final accounts and Letter of Representation for 2019/20. (Reference Minute 105 below). Any material amendments to the draft documents presented at this meeting would be notified to the Committee.

94 2022/23 Audit for North Yorkshire Council - Update

Considered: the verbal report of Nicola Wright, Partner from the external auditors, Deloitte.

Nicola Wright confirmed that the 2022/23 Audits were underway and she informed the Committee that Final Audited Accounts should be available for the March 2024 meeting of the Committee.

In connection with the 2021/22 Audits, Nicola Wright informed the Committee that the outstanding issues had now been resolved. Subject to agreeing with Officers final amendments to the draft Accounts previously considered by the Committee, the expectation was that these would be signed by the Christmas 2023. It was noted that the existing delegated authority for the Chair and Corporate Director, Resources, (S151 Officer) to sign the 2021/22 Accounts and Letter of Representation was still in place.

Resolved –

That the Committee noted the verbal updates relating to the 2022/23 Audits and the outstanding 2021/22 Audits.

95 North Yorkshire Pension Fund - update

Considered: the verbal report of Nicola Wright, Partner from the external auditors, Deloitte.

Reference the verbal update as outlined at Minute 94 above.

Resolved –

That the Committee notes the verbal updates relating to the 2022/23 Audit and the outstanding 2021/22 Audit.

96 Annual Audit Plan 2023/24 - NYC & NYPF

Considered: The report of the external auditors, Mazars, which invited the Committee to comment on the draft Audit Strategy Memorandum for North Yorkshire Council for the year ending 31 March, 2024.

Mark Kirkham, Partner, Mazars and Engagement Lead introduced the report and firstly clarified the report referred to the 2023/24 North Yorkshire Council audit only and not the North Yorkshire Pension Fund. He also introduced Rob Walker, the Engagement Manager for the update.

The Committee briefly commented on the draft Audit Strategy Memorandum for the year ending 31 March, 2024 and on the significant risks and key judgements areas as outlined in the document.

In response to a question as to whether the final Audit Strategy would be presented to the March 2024 meeting of the Committee, Mark Kirkham responded that this would be dependent on the progress of the external audits of North Yorkshire Council, North

Yorkshire Pension Fund, and the legacy District Councils for years up to 31 March 2023.

Resolved –

That this Committee notes the draft Audit Strategy Memorandum.

97 Risk Management - Progress Report

Considered: The report of the Corporate Director, Resources, which provided details of the Corporate Risk Register for the Unitary Council, the links between the Directorate Risk Registers and the Corporate Risk Register and an analysis of the risk categories across the Corporate and Director levels and to note progress on other Risk Management related matters.

Fiona Sowerby, Head of Insurance and Risk Management introduced the report and responded to the Committee's questions and comments thereon.

Resolved – That the Committee notes

(a) the updated Corporate Risk Register (**Appendix A**), the links between Directorate Risk Registers and the Corporate Risk Register (**Appendix B**) and the analysis of the risk categories across the Corporate and Directorate levels (**Appendix C**); and

(b) the position on other Risk Management related matters.

98 Risk Register for Health and Adults Services Directorate

Considered: The report of the Corporate Director, Health and Adult Services (HAS) which provided details of the Risk Register for Health and Adult Services Directorate.

Richard Webb, Corporate Director, Health and Adult Services gave a comprehensive overview of the report and responded to the Committee's questions, comments and feedback thereon. Anton Hodge, Assistant Director, Resources also commented on the report and invited the Committee to provide feedback and comments on the HAS directorate risk register.

Councillor Jabbour asked a question of the Corporate Director about building more extra care facilities to which Mr Webb responded included making a reference to potential plans in Harrogate and Whitby

Resolved –

(a) That the updated risk register of the HAS directorate be noted; and

(b) That the Committee's feedback and comments, as provided at this meeting, on the HAS directorate risk register, key risk and governance issues,/ developments and any other related internal control matters be noted.

99 Risk Register - Community Development Directorate

Considered: The report of the Corporate Director, Community Development (CD) which

provided the Committee with an update on the key risks considered within the Community Development Directorate and mitigating actions taken to effectively manage them.

Nic Harne, Corporate Director, Community Development and Paul Foster, Assistant Director, Resources introduced the report and invited the Committee to provide feedback and comments on the CD directorate risk register.

Resolved –

- (a) That the updated risk register of the CD directorate be noted; and
- (b) That the Committee's feedback and comments, as provided at this meeting, on the CD directorate risk register, key risk and governance issues,/developments and any other related internal control matters be noted.

100 Business Continuity - Annual Report

Considered: The report of the Assistant Chief Executive, Local Engagement which provided an overview of the current Business Continuity (BC) arrangements for North Yorkshire Council

Matt Robinson, Head of Resilience and Emergencies introduced the report. He gave a comprehensive overview of the wide range of work undertaken by the team, citing an example of dealing with the impact of major storms across the County this year and responding to incidents such as flooding.

Resolved –

That the Committee notes the recent challenging incidents that have been managed by the NYC Directorates, overseen by the Business Continuity Champions and fully supported by the Resilience & Emergencies Team and the continued efforts of all service areas at North Yorkshire Council to embed resilient practice.

101 Consultation on Proposals for a new long term contract for internal audit services

Considered: The report of the Corporate Director, Resources which sought the Audit Committee's comments on the proposal to renew the long term contract with Veritau applying a "direct award" procedure.

Karen Iveson, Assistant Director, Resources introduced the report.

Max Thomas, Head of Internal Audit addressed the Committee. He then left the meeting whilst the matter was discussed by the Committee.

Resolved –

That the Committee's comments and views on the proposals, as now outlined at this meeting be given as feedback to Cabinet, along with the Committee supportive of the proposal to renew the long term contract with Veritau Ltd, applying a "direct award" procedure.

102 Audit Committee Terms of Reference / Review of Effectiveness

Considered: The report of the Corporate Director, Resources which asked the Committee to consider whether any changes were required to the Committee's Terms of Reference and to consider the benefits of conducting a review of the Committee's effectiveness and the possible timing of such a review.

Karen Iveson, Assistant Director, Strategic Resources introduced the report.

Max Thomas, Head of Internal Audit addressed the Committee.

Resolved –

- (1) That Members' consider there are no changes required to the current Terms of Reference of the Committee; and
- (2) That the Committee felt it would be beneficial to undertake and complete a self-assessment exercise of the Committee's effectiveness in the 2024/25 Municipal Year, circa during period January – March, 2025. It was also felt that any review should be facilitated by Officers.

103 Motion from Full Council referred to the Audit Committee

The Committee considered the report of the Chair, Councillor Lunn.

The Chair informed the Committee that when full Council met on 15 November, 2023, the motion on the United Nations Sustainable Development Goals (Councillors Mason and Lacey) was referred to both this Committee and the Transport, Economy, Environment and Enterprise Overview and Scrutiny Committee for review and then referral back to the February, 2024 meeting of Council.

The Committee debated the motion with several views and responses being put forward for consideration.

After a lengthy debate, the undermentioned responses was moved by Councillor Jabbour, seconded by Councillor Swannick and agreed by the Committee as its response to the Council motion.

Resolved -

- (1) The Committee notes that the Council is already working towards delivering some of the objectives that the UN SDGs outline; and
- (2) The Committee recommends that the Executive review this motion with view to ensuring that its quarterly monitoring reports incorporate the Council's progress with respect to the UN Sustainable Development Goals.

104 Programme of Work

Considered: The Committee's programme of work which identified items of business scheduled for consideration at each of the Committee's forthcoming meetings.

Karen Iveson, Assistant Director, Resources) introduced the programme of work.

Resolved –

That the Committee's Programme of Work be noted.

105 Final Accounts and Audit Update

Considered: the report of the Corporate Director, Resources, which provided an update on the audit and publication of the Statements of Accounts (SOFA) for legacy Councils and sought the Committee's agreement for the approach towards the approval of the Statements of Accounts of legacy Councils following the completion of the external audit.

Karen Iveson, Assistant Director, Resources and John Raine, Head of Technical Finance, introduced the report and answered questions from Members.

Resolved -

That the Committee approves the final Statement of Accounts for Hambleton District Council (2019/20) and authorises the Chairman and Corporate Director, Resources (S151 Officer) to sign the Statement of Accounts and Letters of Representation (as detailed in paragraphs 4.7 and 4.8 of the submitted report).

The meeting concluded at 4.45 pm.