

North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Monday, 24th October, 2022 commencing at 1.30 pm at County Hall, Northallerton.

Committee Members present: County Councillor George Jabbour in the Chair; plus County Councillors Chris Aldred (as Substitute for Matt Walker), Alyson Baker, Philip Broadbank, Mark Crane, Nigel Knapton, Heather Phillips (as Substitute for Cliff Lunn), Karin Sedgwick and Neil Swannick, and Mr David Portlock

In attendance: County Councillor Carl Les

Officers present: Karl Battersby, Neil Irving, Karen Iveson, Matthew Robinson, Max Thomas and Ruth Gladstone

Other Attendees: Nicola Wright (Deloitte)

Apologies: County Councillor Stuart Parsons, Mr David Marsh and Gary Fielding

Copies of all documents considered are in the Minute Book

15 Minutes of the Committee Meeting held on 27 June 2022

Resolved –

That the Minutes of the meeting held on 27 June 2022, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

16 Declarations of Interest

There were no declarations of interest.

17 Public Questions or Statements

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

18 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 other matters that had arisen since the Committee's last meeting which related to the work of the Committee.

Members discussed the protocol for the four informal, virtual briefings to be held during November 2022 between Members of this Committee and district/borough councils' audit committee Chairs and s151 officers. Karen Iveson undertook to draft suggested questions and to circulate them, as a matter of urgency, to Members of this Committee for comment.

Resolved –

That the report be noted.

19 External Audit - Update on Progress of Audit

Considered:

- (a) An oral report by Nicola Wright of Deloitte in which she confirmed that Deloitte anticipated completing their audit work and, subject to one issue, being able to 'sign off' North Yorkshire County Council's Statement of Final Accounts (SOFA) at the Audit Committee's meeting on 28 November 2022. The issue that would not be resolved as at 28 November was nation-wide and related to Infrastructure Assets. The Government was planning to issue a Statutory Instrument on 30 November 2022, to be effective from 21 December 2022, which would eliminate the current requirements of accounting for Infrastructure Assets. Mr David Portlock suggested that the Committee's meeting on 28 November 2022 might need to delegate authority to the s151 officer, in consultation with the Chairman of Audit Committee, to approve the Council's SOFA, if necessary.
- (b) An email from Gary Fielding to Committee Members dated 17 October 2022, which forwarded an email received from the PSAA notifying that Mazars had been successful in winning a contract for the procurement of external audit services for North Yorkshire County Council and North Yorkshire Pension Fund for five years from 2023/24. During discussion, Nicola Wright advised that Deloitte had not submitted a bid on this particular occasion and explained the reasons for that. Committee Members acknowledged that the audit market was broken and that they understood why Deloitte had not wished to bid at this time. It was noted that Mazars currently provided external audit services to 4 district/borough councils in North Yorkshire, including Scarborough which had not had its accounts 'signed off' for a number of years. Mr David Portlock suggested that this could be followed-up with the Chair and s151 officer of Scarborough Borough Council in the informal, virtual briefing arranged for them and Members of this Committee to be held on 18 November 2022.
- (c) An oral report by Nicola Wright of Deloitte in which she outlined how Deloitte would handover to Mazars as the Council's External Auditor. She suggested that the Council's Accountancy Team should have early conversations with Mazars, once appointed, to understand Mazars' information requirements.

Resolved –

That the situation be noted.

20 Annual Report on Partnership Governance 2021/22

Considered: The report of the Assistant Director – Policy, Partnerships and Communities concerning the governance of partnerships involving the County Council during the financial year 2021/22.

Neil Irving (Assistant Director - Policy, Partnerships and Communities) introduced the report and responded to Members' questions.

In response to a question from Mr David Portlock, County Councillor George Jabbour advised that the loan made to Welcome to Yorkshire had been settled.

Resolved –

- (a) That the annual report on partnership governance be received.
- (b) That the arrangements in place to ensure good governance of partnerships be noted.

21 Business Continuity - Annual Report

Considered: The report of the Head of Resilience and Emergencies which provided an overview of the current business continuity arrangements for North Yorkshire County Council.

Matt Robinson (Head of Resilience and Emergencies) introduced the report and responded to Members' questions.

Resolved –

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

22a Business and Environmental Services Directorate - Internal Audit Work

Considered –

The report of the Head of Internal Audit which advised of the internal audit work performed during the year ended 30 September 2022 for the Business and Environmental Services Directorate.

Max Thomas (Head of Internal Audit) introduced the report, highlighting that Veritau's routine assurance work within the Business and Environmental Services Directorate had been limited this year due to local government reorganisation. However, Veritau had continued to do a significant amount of grants audits and that important audits were scheduled for the last six months of 2022/23.

In response to a question from Mr David Portlock, Max Thomas reported that he had always previously been satisfied with the control environment in the Business and Environmental Services Directorate, that he continued to talk to management of that Directorate who had advised that nothing significant had changed, he was satisfied that that this was true and, as such, he was also satisfied that there had been no diminution in the Directorate's control environment.

Resolved –

That the results of internal audit work performed in the period for the Business and Environmental Services Directorate be noted.

22b Business and Environmental Services Directorate - Internal Control Matters

Considered: The report of the Corporate Director – Business and Environmental Services which provided an update on progress against areas for improvement identified through

internal procedures, together with details of the latest Risk Register for the Business and Environmental Services Directorate.

Karl Battersby (Corporate Director – Business and Environmental Services) introduced the report and responded to Members' questions. During discussion, Karl Battersby confirmed that the Directorate was meeting all its statutory requirements, but there were significant challenges around the Highways capital programme and transport provision in particular which were being managed.

No additional feedback or comments were provided on the Directorate Risk Register or any other related internal control issues.

Resolved –

- (a) That the update of salient points relating to the Business and Environmental Services Directorate be noted.
- (b) That the Risk Register for the Business and Environmental Services Directorate be noted.

23 Progress on 2022/23 Internal Audit Plan

Considered: The report of the Head of Internal Audit which advised of progress made to date in delivering the 2022/23 Internal Audit programme of work and the other related services (eg information governance and counter fraud) delivered to the County Council by Veritau.

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

- More detailed information, about the audits where the finding had been "Limited Assurance", would be provided as part of the Directorate reports submitted to future meetings of the Committee.
- The absence of a status for the Locality Boards audit was due to an administrative error.
- All the audits showing a "Do later" status were priority. Ideally, all would be done this year, although some could slip into 2023/24.
- Veritau currently provided internal audit services to five of the district/borough councils in North Yorkshire, and managed the in-house teams in the remaining two district/borough councils. Veritau would be completing all its work for the district/borough councils before 31 March 2023.

Resolved –

That the progress made in delivering the 2022/23 Internal Audit programme of work and the other assurance related services provided by Veritau be noted.

24 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 of the Audit Committee for the year ended 30 September 2022, prior to its submission to a meeting of the County Council.

Max Thomas (Head of Internal Audit) introduced the report on behalf of County Councillor Cliff Lunn. Max Thomas confirmed that County Councillor Cliff Lunn was satisfied with the

draft annual report.

Mr David Portlock and County Councillor Phillip Broadbank, who had each been members of the Audit Committee prior to the elections in May 2022, advised that they considered that the draft annual report accurately recorded work done prior to the election and, as such, they were satisfied with the document.

Resolved –

- (a) That the report be noted.
- (b) That the draft annual report of the Audit Committee for the year ended 30 September 2022, as set out at Appendix 1 to the report, be approved for submission to the County Council.

25 Audit Committee Programme of Work 2022/23

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

County Councillor George Jabbour offered to arrange the circulation, to all Audit Committee Members, of a presentation given at the Regional Audit Committee Forum for Yorkshire and Humberside the previous week by Jon Roberts (Partner at Grant Thornton). County Councillor George Jabbour felt that the presentation had been very informative.

Mr David Portlock advised that he would be fixing a date and time for a meeting of the Members' Working Group looking in detail at the draft SOFA and supporting documentation. The date and time would be fixed around officers' diaries, given their other current work commitments.

Resolved –

- (a) That the Committee's Programme of Work be approved, subject to:-
 - any amendment which Karen Iveson makes to record the arrangements made for Audit Committee Members' training regarding the governance of external companies; and
 - removal of reference to a meeting of Audit Committee on 19 September 2022 to reflect that that meeting was cancelled.
- (b) That a record be maintained to show the training that Audit Committee Members have attended, to include the training provided in August 2022, together with Members' comment that that training was helpful.

The meeting concluded at 3.27 pm.