

North Yorkshire Council

Audit Committee

Minutes of the meeting held on Monday, 9 December 2024 commencing at 1.30pm at County Hall, Northallerton.

Committee Members present: Councillor George Jabbour in the Chair plus Councillors Alyson Baker, Philip Broadbank, David Chance, Felicity Cunliffe-Lister, Karin Sedgwick (remote), Mike Jordan, Neil Swannick and Co-opted Members Mr David Marsh and Mr David Portlock.

In attendance: Councillor Carl Les OBE.

Officers present: Karen Iveson, Assistant Director Resources; John Raine, Head of Finance Corporate and Technical; Nic Harne, Corporate Director Community Development; Paul Foster, Assistant Director Resources – Community Dev; Richard Webb, Corporate Director – Health and Adult Services; Anton Hodge, Assistant Director Resources – HAS; Winston Kobylka, Senior Commercial Manager; Edward Maxwell, Senior Democratic Services Officer; Charles Casey, Senior Democratic Services Officer; and David Smith, Senior Democratic Services Officer.

Other Attendees: Nicola Wright and Nick Raynor, Deloitte (Remote); Mark Kirkham, Forvis Mazars; and Max Thomas, Stuart Cutts and Sarah Butler, Veritau.

Copies of all documents considered are in the Minute Book

The Chair informed Members that the Business Continuity item scheduled for the 9 December 2024 meeting had been delayed until the 17 March 2025 meeting.

146 Apologies for Absence and Notification of Substitutes

Apologies were received from Councillor Cliff Lunn.

147 Minutes of the Meeting held on 23 September 2024:

Resolved

That the minutes of the meeting held on 23 September 2024, having been printed and circulated, be taken as read and be confirmed and signed by the Chair as a correct record.

148 Declarations of Interest

Councillor David Chance declared that one of his relatives is employed by Deloitte.

149 Public Participation

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

150 Progress on Issues Raised by the Committee

Considered

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

Karen Iveson introduced the report and referred to the training plan as seen in the table. David Marsh asked that a training session be held that covers information on the organisations that the authority has an interest in and Teckal exemptions.

Resolved

- a) That the report is noted.

151 Report of the Corporate Governance Working Group following the review of Legacy County, District and Borough Final Accounts and Audits:

Considered

A report of the Corporate Governance Working Group following a review of legacy County, District and Borough Final Accounts and Audits which advised Members of:

- a) the outcome of the consideration of the Statement of Final Accounts, Annual Governance Statements and Annual External Audit Reports for the legacy North Yorkshire Districts and Boroughs, and
- b) the consideration of the Statement of Final Accounts and Annual Governance Statements for North Yorkshire County Council for 2022/23 and the opinion of the working group in advance of the Audit Committee being asked to approve them.

David Portlock and Councillors Neil Swannick and Philip Broadbank provided a summary of the work carried out by the Working Group and informed Members that it was deemed that nothing in the aforementioned accounts would have a material impact on the opening balance sheet of North Yorkshire Council in April 2023. The Working Group recommended that the Corporate Director Resources and Chair of Audit Committee sign the legacy District and Borough Statements of Accounts up to and including 2022/23 and that the Chief Executive and Leader sign the various Annual Governance Statements.

It was reported that the Working Group was disappointed that some of the accounts had been disclaimed by auditors and attention was drawn to the Scarborough Borough Council accounts that had been disclaimed with a matter of concern because the decision of Whitby Harbour court case is still awaited.

It was also highlighted that the Working Group expressed concerns over the severance payments made to senior management in the former Hambleton District Council but it was agreed that there were no actions to carry forward for North Yorkshire Council. Given the comments on Page 140 of the papers and information included in the interim report that was presented to Members of the Working Group, Members were concerned that no information regarding these payments was present on Page 133 of the papers. However the critical information was contained within the Value for Money section of the auditor's report at the end of page 135 of the papers. Officers clarified that the Hambleton District Council Completion Report included in the papers was currently incomplete and confirmed that the final version would be circulated to Committee Members.

Members highlighted that if any costs arose from the above two concerns, they would not be material costs to North Yorkshire Council's budget and therefore did not influence the Working Group's recommendations. They were informed that the Working Group concluded that the reports represented a correct view of the accounts at the end of 2022/23 and that there were no actions for North Yorkshire Council to take up. Members were reminded that the Working Group had been delegated the authority to review, and recommend that the Corporate Director Resources and Chair of Audit Committee sign the legacy District and Borough Statements of Accounts up to and including 2022/23.

Resolved

- a) That Audit Committee note the Working Group's approval of and signing by the Corporate Director Resources and Chair of Audit Committee, of the legacy District and Borough Statements of Accounts up to and including 2022/23, and endorse the recommendations to the Chief Executive and Leader to sign the various AGSs.
- b) That, subject to the completion of the audit, the Committee recommends the North Yorkshire County Council Statement of Final Accounts and Annual Governance Statement for 2022/23 for signature by the Corporate Director Resources, the Chair of the Audit Committee, the Chief Executive and the Leader.
- c) That the final Completion Reports for the Legacy District and Borough Councils be circulated to Committee Members and published.

152 External Audit Report - NYCC and Pension Fund 2022/23:

Considered

Update reports by Deloitte on the 2022/23 audits of North Yorkshire County Council and North Yorkshire Pension Fund.

Nicola Wright and Nick Rayner (Deloitte) introduced the reports and a discussion followed.

Additional points raised regarding the North Yorkshire County Council report:

- Members requested clarification regarding the revaluation of Allerton Waste Recovery Park.

Additional points raised regarding the North Yorkshire Pension Fund report:

- In relation to the valuation of alternatives highlighted on page 9 of Deloitte's report, Members were informed that the adjustment to the accounts had been discussed with management and it was decided that no adjustment was to be made. Nicola Wright reported that Deloitte were comfortable with this decision as the adjustment is not material but that it would be included in the representation letter.
- She also confirmed that there were no major concerns with the North Yorkshire Pension Fund Accounts.

It was reported that Deloitte are aiming to sign off the accounts on Friday 13th December 2024. It was confirmed that the ability to sign off is dependent on an issue currently being discussed between the actuary and Deloitte.

Resolved

- a) That the External Audit Reports are noted.

153 Final accounts audit update - Legacy Councils:

Considered

A report that provides an update on the audit, certification and publication of the outstanding final audited Statements of Accounts for all Legacy Councils for all years up to 2022/23.

The Chair highlighted the magnitude of the issue in that the National Audit Office has disclaimed the Whole of Government Accounts as only 10% of local authorities have provided reliable data due to the backlog in completing external audits.

A vote was taken and the motion was declared unanimously carried.

Resolved

- a) That the Committee notes the completion of the Legacy District and Borough Council accounts up to and including 2022/23, and the accompanying external audit reports set out at Appendices A to G of the report.
- b) That Members delegate authority to the Chair of the Audit Committee and Corporate Director Resources to sign the NYCC Letter of Representation for 2022/23 set out in paragraph 5.2 of the report on behalf of the Audit Committee.
- c) That the Committee approves the NYCC Annual Governance Statement 2022/23 and delegates authority to the Leader of the Council and Chief Executive to sign the AGS (paragraph 5.3 of the report).
- d) That in relation to NYCC's Statement of Final Accounts 2022/23
 - i. the Committee notes the changes to the Final Statement of Final Accounts as set out in paragraph 5.4 and Appendix H of the report.
 - ii. the Committee approves the Final Statement of Final Accounts 2022/23 (paragraph 5.5 of the report).
 - iii. subject to no further material changes arising during the completion of the audit, the Committee delegates authority to the Chair of the Audit Committee, the Corporate Director Resources, and the Chief Executive to sign the Statement of Responsibilities for the Statement of Accounts as attached at Appendix I of the report.

154 External Audit Progress Update 2023/24:

Considered

The Audit Progress Report by Forvis Mazars providing Members with an update on the North Yorkshire Pension Fund and North Yorkshire Council Audits.

Members queried how the ongoing Whitby Harbour legal dispute would impact the signing of the 2023/24 accounts. Mark Kirkham informed Members that an audit report must be issued, and if necessary, an explanation will be provided as to why an opinion cannot be given.

Karen Iveson informed Members that an additional formal Audit Committee meeting will be required on 24th February 2025 at 1.30pm to consider the 2023/24 Accounts. Members agreed this additional date.

David Portlock suggested that the Corporate Governance Working Group have an informal MS Teams session to discuss the 2023/24 Accounts so that key areas can be reported to the formal 24th February meeting. Members agreed this approach and asked Officers to organise the informal session.

Resolved

- a) That the report is noted.
- b) That an additional formal Audit Committee meeting on 24th February 2025 at 1.30pm is agreed.

155 Audit Committee - terms of reference / effectiveness:

Considered

A report asking Members to consider -

- a) whether any changes to the Audit Committee's Terms of Reference are required and,
- b) the timing and scope of the proposed review of the Committee's effectiveness.

Resolved

- a) That no changes are required to the current Terms of Reference of the Audit Committee.
- b) That the review of the Audit Committee's effectiveness goes ahead as proposed in paragraph 4.2 of the report.

156 Directorate risk register - Community Development:

Considered

An update on the key risks considered within the Community Development Directorate and the mitigating actions taken to effectively manage them.

Nic Harne and Paul Foster highlighted the key information within the report.

Members highlighted two areas of concern/interest: Local Plan and Growth. There was a short discussion, and Members were pointed towards page 667 and pages 675-6 of the papers respectively.

Resolved

- a) That the Directorate Risk Register for Community Development be noted.

157 Directorate risk register - Health and Adults Services:

Considered

An outline of some of the key service risks and governance-related issues within the Health and Adult Services Directorate.

Richard Webb and Anton Hodge highlighted the key information within the report. Members raised the following points during the discussion:

- Why North Yorkshire's cost of care is 20-30% above the average for England – rurality; costs are decided by the market and so increasing the number of facilities may reduce cost; fewer people coming to work in North Yorkshire.
- How HAS will cope during financially difficult times – HAS are very conscious of financial difficulties and the checks and balances are regularly revisited. LGR allows departments to work together more easily.
- Whether NYC has considered providing an in-house service – figures don't currently work out for a large in-house service, but smaller scale is possible and has been done in the past and is being investigated.
- Members raised concerns that 5,400 international workers had been displaced following changes to immigration policy.

Resolved

- a) That the HAS report and risk register be noted.

158 Procurement and Contract Management - update report:

Considered

An update on the Procurement and Contract Management Service.

Winston Kobylka went through the report and a discussion followed. Members were pleased to see an increase in the number of local businesses that NYC does business with and asked that this trend continues.

Resolved

a) That the update on the Procurement and Contract Management Service be noted.

159 Internal Audit Counter Fraud Progress report:

Considered

A report informing Members of the progress made in delivering the 2024/25 internal audit programme of work, and the other related services provided to the Council by Veritau.

Max Thomas, Stuart Cutts and Sarah Butler introduced the report and appendices, highlighting key pieces of information. The following topics arose during the discussion.

- Following a query, it was confirmed that the Scarborough Waterpark audit is nearing completion. A draft report has been issued to Officers for comment.
- There was a query regarding how Veritau manage potential conflicts of interest between their advisory / consultative engagements and their internal audit work. Members were informed that this was more supportive than consultative, for example providing data produced by powerful data analytics software that NYC does not have access to. It was emphasised that decisions are always taken by management, not Veritau.

Resolved

a) That the progress update is noted.

160 Internal Audit Work Programme - Consultation 2025/26:

Considered

A report seeking the Committee's views on the priorities for internal audit in 2025/26.

Stuart Cutts introduced the report and appendix. The following points were discussed.

- Regarding asset management, Members were interested to know whether all assets and liabilities had successfully been passed across following LGR.
- The Committee was interested to know whether Veritau received pushback from NYC Officers when seeking information. It was reported that there are very rarely serious issues. Veritau endeavour to avoid busy periods for services and Directorates, and there is a good working relationship between Veritau and Officers at NYC.

Resolved

a) That the Internal Audit Work Programme be noted.

161 Programme of Work

Considered

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

It was reaffirmed to Members that there would be an extra meeting on 24th February 2025 for Members to approve the 2023/24 Statement of Accounts for North Yorkshire Council.

The Committee asked that dates for Committee Meetings in 2025/26, including training sessions, be sent to Members.

David Marsh reiterated that a training session covering information on the organisations which NYC has an interest in and Teckal exemptions would be useful.

Resolved

a) That the Committee's Programme of Work be noted.

162 Any other Items

There were none.

163 Date of Next Meeting

Monday, 24 February 2025 at 1.30pm.

The meeting concluded at 4.08 pm.