

**AUDIT AND GOVERNANCE COMMITTEE
HELD ON 13 OCTOBER 2022
(FROM 5.30 PM – 5:51 PM)**

PRESENT: Councillor Steven Jackson in the Chair. Councillors Victoria Oldham, Alex Raubitschek and Matthew Webber.

Late Arrivals: Councillor Victoria Oldham at 5:49 pm

Early Departures: None

12/22 – APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES:

An apology for absence had been received from Councillor Hannah Gostlow.

(5.30 pm)

13/22 – DECLARATIONS OF INTEREST: No declarations of interest were made at the meeting.

(5.30 pm)

14/22 – MINUTES: The Minutes of the meeting of the Committee held on 20 June 2022 were unanimously approved as a correct record.

(5.31 pm)

15/22 – EXEMPT INFORMATION: Appendices 1, 1b and 2 of the item considered at Minute 19/22 were considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 as they contained information relating to the financial or business affairs of any particular person (including the authority holding that information). It was not necessary to discuss the exempt information and the items were considered in open session.

(5.31 pm)

16/22 – PUBLIC ARRANGMENTS - QUESTIONS: There were no public questions to consider under Standing Order 27.

(5.31 pm)

MATTERS DEALT WITH UNDER DELEGATED POWERS

17/22 – 2021/22 AUDIT STRATEGY MEMORANDUM: The Chair welcomed Diane Harold, Senior Manager and James Collins, Director of Mazars LLP, the Council's external auditor, to present the Audit Strategy Memorandum for the year ended 31 March 2022. The Memorandum set out the planned scope and timing of the audit and detailed areas of significant audit risk. Significant changes to the Memorandum for the 2021/22 year related to the production of a group accounts assessment for the Council's two wholly owned subsidiaries, Brimhams Active Limited and Bracewell Homes Limited. Mazars would consider the Council's judgements when the group

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accounts for 2021/22 were produced, which was anticipated to be at following Audit and Governance Committee in November 2022.

Ms Harold highlighted the significant identified audit risks as outlined at section 4 of the Memorandum and reported that the risks were similar to those identified in previous years. The aim was for the accounts to be signed off by 31 March 2023, prior to Local Government Reorganisation (LGR). In terms of value for money arrangements, no risks of significant weaknesses in arrangements had been identified and no independence issues had arisen. Ms Harold explained that James Collins, Director Mazars LLP had replaced Mark Kirkham as the engagement lead for the Council's external audit as part of a rotation in order to maintain independence and objectivity.

RESOLVED (UNANIMOUSLY):

That the Committee note the content of the report.

(5.32 pm – 5.36 pm)

(D)

18/22 – **INTERNAL AUDIT ANNUAL REPORT 2021/22:** The Audit Services and Fraud Manager (ASFM) submitted a written report which considered the key findings and conclusions from audit work undertaken in 2021/22 and gave an opinion on the overall adequacy and effectiveness of the Council's arrangements for risk management and governance and on its internal controls. The overall opinion for the year was that, based on the audit work undertaken during 2021/22, the Council's framework of governance, risk management and internal control was satisfactory and operating effectively in practice. Appendix 1 provided a breakdown of the audit work that remained outstanding and the audits that had been scheduled for completion in 2021/22.

RESOLVED (UNANIMOUSLY):

That (1) the key findings and conclusions arising from the work undertaken by the Audit Services Team during 2021/22 be noted, including confirmation that the Council's governance, risk management and control arrangements were adequate and operated satisfactorily during the year;

(2) the performance of Audit Services during 2021/22 be noted; and

(3) the annual audit opinion of the Chief Internal Auditor is agreed and accepted.

(5.36 pm – 5.41 pm)

(D)

19/22 – **INTERNAL AUDIT RECOMMENDATION REPORT:** The Audit Services and Fraud Manager (ASFM) submitted a written report which provided an update of the

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current audit recommendation implementation position. Exempt Appendix 1 to the report detailed outstanding priority one recommendations of which there had been no new recommendations. It was reported that Members had received an update from Audit Services relating to these recommendations following the previous committee meeting on 20 June 2022. Exempt Appendix 1b showed a list of outstanding priority two and three recommendations. Exempt Appendix 2 summarised the internal audit recommendation movements in the period and Appendix 3 provided a summary of all outstanding recommendations.

The ASFM reported that in light of LGR, some recommended actions would not be practicable to undertake in the short-term and that a new option of putting a recommendation on hold due to LGR had been established. This would ensure that post vesting day, the relevant audit areas would be monitored and reviewed by North Yorkshire Council.

RESOLVED (UNANIMOUSLY):

That the contents of the report and appendices are noted.

Appendix 1 – Outstanding Priority One Internal Audit Recommendations

Appendix 1b – Outstanding Priority Two and Three Audit Recommendations

Appendix 2 – Internal Audit Recommendation Movements in the Period

Appendix 3 – Summary of All Outstanding Internal Audit Recommendations

(5.41 pm – 5.45 pm)

(D)

20/22 – INTERNAL AUDIT PLAN 2022/23: The Audit Services and Fraud Manager (ASFM) submitted the proposed Internal Audit Plan for 2022/23 for consideration and approval as set out in Appendix 1. The ASFM commented on the delay in completion of the report which was as a result of covid recovery, staff resource issues and LGR commitments. The first quarter of the 2022/23 financial year had therefore been dedicated to completing the previous year's audit work. The proposed 6 month Audit Plan covered the period from 1 July to 31 December 2022 which would enable the final quarter from 1 January to 31 March 2023 to be dedicated to finalising and closing down all audit reports, and following up work of any outstanding recommendations prior to the transfer to North Yorkshire Council.

The schedule at Appendix 1 of the report set out the proposed Internal Audit Plan for 2022/23. The ASFM reported that there were 275 available days for audit assignments which included 80 days of work allocated to Craven District Council as per the Shared Internal Audit Service Agreement. The ASFM provided a verbal update on developments within the Internal Audit Plan which had occurred since the report was written and gave overall assurance that good progress had been made. It had been established that priority work should be focussed on the main financial systems audit during the transition to LGR as the operational audit work could be picked up by the new authority post vesting day. The ASFM provided a breakdown of progress on the individual audits within the financial systems work and it was reported that the treasury management and accounts payable audit work had been

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completed. The housing benefits, accounts receivable and council tax/NNDR audits were reported to be in the initial planning stages but it was highlighted there were no anticipated problems with regards to the completion of this work prior to LGR. Appendix 2 presented the draft 2022/23 Audit Plan in greater detail which considered the Council's strategic risks.

RESOLVED (UNANIMOUSLY):

That Audit and Governance Committee consider and approve the Internal Audit Plan for 2022/23 as set out in the report and attached appendices.

(5.45 pm – 5.51 pm)

(D)