



Meeting: **AUDIT & GOVERNANCE COMMITTEE**
Date: **TUESDAY, 27 JULY 2021**
Time: **5.00 PM**
Venue: **COUNCIL CHAMBER - CIVIC CENTRE, DONCASTER ROAD, SELBY, YO8 9FT**
To: **Councillors K Arthur (Chair), N Reader (Vice-Chair), M Jordan, A Lee, K Franks, J Duggan, D Mackay and C Richardson**

Agenda

1. Apologies for Absence

2. Disclosures of Interest

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

3. Minutes (Pages 1 - 8)

To confirm as a correct record the minutes of the Audit and Governance Committee held on 21 April, 2021.

4. Chair's Address to the Audit and Governance Committee

5. Start Time of Audit & Governance Committee Meetings

To confirm the start time of meetings for the 2021-22 municipal year.

6. Audit Action Log (Pages 9 - 10)

To review the Audit Action Log.

7. Audit and Governance Work Programme (Pages 11 - 14)

To note the current Work Programme and consider any amendments.

8. External Audit Progress Report (A/21/1) (Pages 15 - 30)

Members are asked to review the progress of the external auditor.

9. Draft Annual Governance Statement (AGS) 2020-21 (A/21/2) (Pages 31 - 48)

To receive the report of the Chief Finance Officer, which asks the Committee to comment and note the draft Annual Governance Statement.

10. Annual Report of the Head of Internal Audit 2020-21; Annual Counter Fraud Report and Annual Information Governance Report 2020-21 (A/21/3) (Pages 49 - 90)

Members are asked to consider and note the Annual Report of the Head of Internal Audit 2020-21, along with the counter fraud and information governance work undertaken during the year.

Also, to note the outcome of the internal audit quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards

11. Risk Management Annual Report 2020-21 (A/21/4) (Pages 91 - 92)

To receive the report of the Audit Manager, Veritau, which provides a summary of risk management activity undertaken in 2020-21 and proposed risk management actions for 2021-22.

12. Corporate Risk Register 2021-22 (A/21/5) (Pages 93 - 118)

Members are asked to review and note the Corporate Risk Register 2021-22.

Janet Waggott

Janet Waggott, Chief Executive

<p>Date of next meeting (5.00pm) Wednesday, 29 September 2021</p>
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Enquiries relating to this agenda, please contact Dawn Drury on 01757 292065
ddrury@selby.gov.uk.

Recording at Council Meetings

Selby District Council advocates openness and transparency as part of its democratic processes, therefore recording is allowed at Council, Committee and Sub-Committee meetings which are open to the public, subject to:- (i) the recording being conducted with the full knowledge of the Chairman of the meeting; and (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record (film or audio) the public parts of the meeting should inform Democratic Services of their intentions prior to the meeting by emailing democraticservices@selby.gov.uk.

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Minutes

Audit & Governance Committee

Venue:	Microsoft Teams - Remote
Date:	Wednesday, 21 April 2021
Time:	5.00 pm
Present remotely via Teams:	Councillors K Arthur (Chair), N Reader (Vice-Chair) (from agenda item 11), J Chilvers, T Grogan, J Duggan and D Mackay
Officers present remotely via Teams:	Karen Iveson (Chief Finance Officer), Alison Hartley (Solicitor to the Council, and Monitoring Officer) (up to agenda item 11), Mark Kirkham (Partner, Mazars LLP), Phil Jeffrey (Assistant Director, Audit Assurance, Veritau), Daniel Clubb (Counter Fraud Manager, Veritau); and Dawn Drury (Democratic Services Officer)
Others present remotely via Teams:	Councillor C Lunn (Lead Executive Member for Finance and Resources)

42 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M Jordan and K Franks.

43 DISCLOSURES OF INTEREST

There were no disclosures of interest.

44 MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 27 January 2021.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 27 January 2021.

45 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

There was no Chairs address.

The Chair indicated that he would be amending the order of business to allow agenda item number 11, Investigatory Powers Commissioner's Office – Remote Inspection 2021 to be considered first as agenda item number 7; the rest of the business would follow as set out in the agenda.

46 AUDIT ACTION LOG

The Committee reviewed the Audit Action Log.

The Democratic Services Officer explained that following the Audit and Governance meeting in January, when Members stated that they wished to undertake a “deep dive” into Industrial Units within the District, the terms of reference for the Committee had been examined and it was found that the Committee best placed to investigate this was the Scrutiny Committee.

Members requested that the matter be referred to Councillor Steve Shaw-Wright, as Chair of Scrutiny, to see if the matter could be taken forward through the Scrutiny Committee Work Programme.

RESOLVED:

- i. To note the Audit Action Log.**
- ii. To refer the matter of Industrial Units owned by the Council on to the Chair of Scrutiny Committee, as detailed above.**

47 AUDIT AND GOVERNANCE WORK PROGRAMME

The Committee considered the current Audit and Governance Work Programme.

RESOLVED:

To note the Work Programme.

48 INVESTIGATORY POWERS COMMISSIONER'S OFFICE - REMOTE INSPECTION 2021 (A/20/30)

The Committee received the report, presented by the Solicitor to the Council which informed Members of the Commissioner's Report along with the Council's response and Action Plan, following a Remote Inspection on 9 February 2021.

The Committee heard that the Council had investigative powers to include carrying out directed covert surveillance in certain circumstances, however, to do so, strict procedures were in place to ensure that such

infringement of privacy was only authorised where proportionate and justified in the circumstances, in accordance with the Regulation of Investigatory Powers Act 2000 (RIPA).

Members noted that the last inspection had taken place in October 2018 and was routine every three years, and the inspection had taken the form of a detailed discussion over Microsoft Teams. It was further noted that this year the Commissioner's Office (CO) had adopted an advisory, light touch approach to the inspection regime, as the Council does not use covert surveillance; procedures were in place but not used.

It was confirmed that the CO was satisfied that there were no formal recommendations to be made, but in response to observations made by the Inspector, an action plan was submitted to them. It was further confirmed that a response had been received from the CO, who had confirmed they were satisfied with the arrangements in place in Selby, and that the action plan showed a commitment from the Council to raise and maintain the compliance standards.

Members raised concerns around fly tipping in the district and the Council's approach in tackling it, and in particular the use of "overt" CCTV cameras which had signs in place warning that CCTV was being recorded.

One of the Members stated that other larger authorities such as Bradford and Wakefield made use of the RIPA legislation to utilise "covert" cameras and requested that the RIPA legislation be explored to see how it could benefit the Selby district, and assist enforcement officers in the use of "covert" cameras to affect change.

With regard to the problem of fly tipping of tyres, Members felt that tyres were coming from outside the district, and that it was counterproductive to display CCTV warning signage, as the culprits simply moved to another location.

It was explained that the use of "covert" cameras was a regulatory matter which would be part of an investigation process and would have to go through a formal process for authorisation; there was also a need for covert surveillance to be necessary and proportionate.

The Solicitor to the Council noted the Committee's concerns and comments and assured Members that the matter would be discussed further with the Council Enforcement officers.

RESOLVED:

To note the Report of the Investigatory Powers Commissioner's Office, and the response from the Chief Executive on behalf of the Council, including the Action Plan.

49 EXTERNAL AUDIT STRATEGY MEMORANDUM (A/20/26)

The Partner, Mazars LLP presented the report, which outlined the external audit plan for the Council for the year ending 31 March 2021.

The Partner, Mazars LLP explained that there were a few significant risks in carrying out the audit work, and the report highlighted three risks had been deemed to be significant: management override of control, property, plant and equipment valuation; and defined benefit liability valuation, however it was confirmed that these risks were not unusual across the sector.

RESOLVED:

To note the report.

50 EXTERNAL AUDIT PROGRESS REPORT (A/20/27)

The Partner, Mazars LLP presented the report which set out the progress of external audit work to date on the 2020-21 financial statements.

The Committee heard that the National Audit Office (NAO) had updated their Code of Audit Practice from 2020-21, as part of the new Code the reporting requirements on the Council's arrangements to deliver value for money in their use of resources had changed. Therefore, the External Audit would no longer include a value for money conclusion as part of the Financial Statements Audit Report, this would now be reported in a new Auditor's Annual Report which replaced the Annual Audit Letter.

In response to a query regarding the impact of Covid-19 on the Council, it was confirmed that in terms of expenditure and grant related income received in the emergency response to the pandemic in 2020-21, that this would be covered as part of the normal audit procedures; it was not anticipated at this moment in time to be a significant audit risk to the Council.

RESOLVED:

To note the report.

51 INTERNAL AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE PROGRESS REPORT (A/20/28)

The Assistant Director, Audit Assurance, Veritau presented the quarterly report which provided the Committee with an update on the delivery of the internal audit work plan for 2020-21, along with an update on the counter fraud and information governance work undertaken to date in 2020-21. It was noted that due to Covid-19, work on the annual audit plan had been delayed therefore the report also updated Members on the plans for completion of work over the remainder of 2020-21.

Members noted that nine 2020-21 audits were in progress and expected to be completed by the end of April 2021, with priority being given to the

main financial system audits to minimise the impact on officers, who had additional demands due to the on-going Covid-19 pandemic.

The Counter Fraud Manager, Veritau presented the section of the report related to the Council's counter fraud activity 2020-21 which highlighted that savings of £8.1k had been achieved through fraud investigation.

The Committee heard that the counter fraud team had supported the Council with pre, and post payment Covid-19 grant assurance work. Members were informed that 1,500 applications had been received for the first grant schemes put into operation, of these, a sample had been reviewed by the counter fraud team as part of the government's post assurance requirements. It was confirmed that all the grants had been paid in line with the government issued criteria, to legitimate companies; and no issues had been identified.

The Committee was informed that as part of Council's annual billing process for Council Tax which took place in February 2021, a message to residents had been included to raise fraud awareness and publicise the Council's "0800" fraud hotline telephone number.

The Assistant Director, Audit Assurance, Veritau drew the Committee's attention to appendix C of the report which provided an update on Information Governance matters, to include the General Data Protection Regulation (GDPR) action plan along with data breaches. It was explained that Veritau had provided advice and support to officers in respect of data protection impact assessments and surveillance and law enforcement processing.

In response to a query regarding the progress of the payment card industry data security standard (PCI DSS) audit, it was confirmed that some delays had occurred due to Covid-19, however the system was now expected to be implemented by July 2021.

In relation to a query regarding whether the Council had any current investigations in progress under the Regulation of Investigatory Powers Act 2000 (RIPA), and if so how many, the Assistant Director, Audit Assurance, Veritau was unable to provide an answer but stated that he would speak with the officers concerned and circulate the information to the Chair.

The Committee asked a number of questions in relation to the reduction in the target figures for counter fraud investigations completed in 2019-20 and 2020-21, whether this was related to Covid-19, and if there was sufficient capacity to complete the work still required. It was confirmed that in 2020-21 time had been taken on the verification of the Covid-19 grant applications which did not result in criminal investigation outcomes and therefore this had affected the overall figures. It was further confirmed that the resources were there, as Veritau had a large team of auditors.

RESOLVED:

To note progress on the delivery of internal audit, counter fraud and information governance work, and the plans for work to be completed in 2020-21.

52 INTERNAL AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE WORK PROGRAMMES 2021-22 (A/20/29)

The Assistant Director, Audit Assurance, Veritau presented the report, which contained the proposed Internal Audit, Counter Fraud and Information Governance Work Programmes for 2021-22.

Members heard that traditionally the Council had an Audit Plan, however, in view of the significant amount of uncertainty arising from the impact of Covid-19, post-Brexit United Kingdom and Local Government Reorganisation, to allow for a more responsive audit during 2021-22, a flexible approach had been taken. It was further explained that the proposed Work Programmes summarised the overall areas where audit work was expected to be undertaken, based on the current assessment of risk, but that the list was not exhaustive.

It was highlighted that the internal audit work programme 2021-22 was based on a total commitment of 375 days, this was unchanged from 2020-21.

The Counter Fraud Manager, Veritau confirmed that a total of 105 days of counter fraud work had been agreed for 2021-22.

The Committee noted that a total of 60 days had been agreed for the information governance plan 2021-22 work, with the allocation split across the three elements of the service: data protection officer role, information governance strategy and support; and the provision of advice and training.

In response to a query regarding the potential impact on the regulatory aspect of Brexit on the Council, it was confirmed that there had been no direct impact to date, but a watching brief would be kept on the issue; the flexible work programme would allow for more focused resources if and when required. The Chief Finance Officer highlighted that there was to be a review of the legislation as a result of Brexit, and that changes were expected in the areas of the procurement regime and contract procedure rules, but assured Members that the Committee would be kept apprised of any such changes.

RESOLVED:

- i. To approve the Internal Audit Work Programme 2021-22.**
- ii. To note the Counter Fraud and Information Governance Work Programmes 2021-22.**

53 REDMOND REVIEW UPDATE (A/20/31)

The Chief Finance Officer presented the report, which provided an update on the review into oversight of local audit, and transparency of local authority reporting, led by Sir Tony Redmond.

Members heard that the review had been considered by the government and a response to the recommendations had been published, with a number still requiring further consideration. It was noted that the key change to be implemented in 2020-21 concerned the statutory dates and arrangements for publishing draft and audited accounts. The deadline for the approval of the audited 2020-21 accounts would be moved back to 30 September 2021, and this extended date would also apply for the 2021-22 accounts, with a further review undertaken for 2022-23 onwards.

The Chief Finance Officer explained that whilst the accounts publication deadline had been extended to 30 September for a period of 2 years, the Council's intention was to continue to produce the draft Statement of Accounts in line with the earlier timetable of 31 May. This would enable resources to be diverted towards in year financial management and forward planning.

Members noted that as part of the recommendation Councils would be required to produce an easily accessible annual statement of their service costs by the external auditor, however it was confirmed that as part of the response the government had committed an additional £15 million in 2021-22 to support Councils fund the likely increase in audit fees, and to produce these annual statements.

The Chair commented upon the recommendation that consideration be given to the appointment of at least one independent member, who was suitably qualified, to sit on the Audit and Governance Committee, as he felt that this would be advantageous to the Committee as a whole.

The Chief Finance Officer confirmed that additional guidance from the government was being awaited, and once received the recommendations would be implemented as required.

RESOLVED:

To note the Government's response to the recommendations of the Redmond Review.

54 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2020-21 (A/20/32)

The Committee received the report from the Chair, which asked them to approve the annual report for 2020-21; and to delegate authority to the Democratic Services Officer, in consultation with the Chair, to update the final version of the annual report 2020-21 following the inclusion of details from the current meeting.

The Chair highlighted two errors in the introduction, the Audit and Governance Committee had met four times over the municipal year and not three times, and there had been no Member briefings prior to the Committee meetings as stated; the Chair asked that both these issues be corrected.

RESOLVED:

- i. **To approve the Annual Report of the Audit and Governance Committee for 2020-21, submitted by the Chair of the Committee, subject to the amendments above.**
- ii. **To delegate authority to the Democratic Services Officer, in consultation with the Chair of the Committee, to update the final version of the Annual Report 2020-21, following the inclusion of details from the meeting on 21 April 2021.**

55 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2021-22 (A/20/33)

The Committee considered and agreed the Audit and Governance Committee work programme for 2021-22.

RESOLVED:

To approve the Audit and Governance Work Programme for 2021-22.

The meeting closed at 6.00 pm.



Audit and Governance Committee: Action Log 2021-22

Record of progress on resolutions and action points

Date	Minute number and subject	Resolution / Action Point	Update(s)	Officer(s)	Status
27 Jan 2021	No 32 Audit & Governance Work Programme Members agreed that they would like to see a "deep-dive" of Industrial Units added to the work programme	Officers to check the terms of reference for the Audit and Governance Committee to ensure that they are the Committee best placed to investigate the subject of Industrial Units.	The terms of reference for the Committee had been examined and it was found that the Committee best placed to investigate this matter was the Scrutiny Committee.	Chief Finance Officer	Completed
21 Apr 2021	No 46 Audit Action Log "Deep-dive" of Industrial Units owned by the Council	Members requested that the matter of a "deep-dive" of Industrial Units be referred to Councillor Steve Shaw-Wright, as Chair of Scrutiny, to see if the matter could be taken forward through the Scrutiny Committee Work Programme.	As requested, this matter was referred to Scrutiny Committee as a matter for consideration following the Audit and Governance Committee in January 2021. A similar item had been added to the Scrutiny work programme in August 2020. The three Chairs to meet and discuss further.	Democratic Services Officer	Ongoing

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Audit Committee Work Programme 2021-22

Date of Meeting	Topic	Action Required
27 July 2021	Review of Action Log	To consider the latest Action Log
	External Audit Progress Report	To review the progress of the external auditor
	Draft Annual Governance Statement (AGS) 2020-21	To comment and note the draft Annual Governance Statement 2020-21
	Annual Report of the Head of Internal Audit 2020-21	To consider and note the Annual Report of the Head of Internal Audit 2020-21. To note the outcome of the internal audit quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards To note the counter fraud and information governance work undertaken during the year.
	Risk Management Annual Report 2020-21	To consider and note the Risk Management Annual Report for 2020-21, and the proposed actions for 2021-22.
	Corporate Risk Register 2021-22	To review and note the Corporate Risk Register.

29 September 2021	Review of Action Log	To consider the latest Action Log
	Local Government and Social Care Ombudsman and Corporate Complaints Annual Review Letter 2020-21	To receive the Local Government and Social Care Ombudsman Annual Review Letter 2020-21
	External Audit Completion Report 2020-21	To receive the Audit Completion Report from the external auditors
	External Annual Audit Letter 2021	To review the Annual Audit Letter 2021
	Statement of Accounts 2020-21	To approve the Statement of Accounts for the financial year 2020-21
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Regulation of Investigatory Powers (RIPA)	To receive the update on the Regulation of Investigatory Powers
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'

26 January 2022	Review of Action Log	To consider the latest Action Log
	Information Requests Annual Report 2021	To note the annual report for 2021 in relation to information requests
	External Audit Progress Report	To review the progress of the external auditor
	Risk Management Strategy	To review the Risk Management Strategy
	Corporate Risk Register	To review the Corporate Risk Register
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Counter Fraud Framework Update	To approve the revised Counter Fraud and Corruption Strategy Action Plan; and comment on and note the updated Counter Fraud Risk Assessment.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'
	Review of Annual Governance Statement Action Plan 2020-21	To review the Annual Governance Statement Action Plan 2020-21

27 April 2022	Review of Action Log	To consider the latest Action Log.
	External Audit Strategy Memorandum	To review the external Audit Strategy
	External Audit Progress Report	To review the progress of the external auditor
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Internal Audit, Counter Fraud and Information Governance Plan 2022-23	To approve the Internal Audit, Counter Fraud and Information Governance plans 2022-23
	Constitutional Amendments	To consider any proposed amendments to the Constitution.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'.
	Annual Report 2021-22	To approve the 2021-22 Annual Report of the Audit and Governance Committee
	Work Programme 2022-23	To approve the Audit and Governance Committee Work Programme for 2022-23

Agenda Item 8



Report Reference Number: A/21/1

To: Audit and Governance Committee
Date: 27 July 2021
Author: Dawn Drury, Democratic Services Officer
Lead Officer: Karen Iveson, Chief Finance Officer

Title: External Audit Progress Report

Summary:

The report from the external auditor, Mazars, is provided for the Audit and Governance Committee to consider.

Recommendations:

To consider the External Audit Progress Report.

Reasons for recommendation

The Audit and Governance Committee is required, in accordance with Part 3 of the Constitution, to consider reports of the external auditor and inspection agencies relating to the actions of the Council.

1. Introduction and background

1.1 The report has been submitted by the external Auditor, Mazars and provides the Committee with a progress report in relation to the work and responsibilities of the external auditors.

2. The Report

2.1 The report is attached at Appendix A, which sets out a summary of external audit work completed to date on the 2020-21 financial statements.

2.2 The report also refers to recent national publications and highlights other relevant updates.

2.3 The Committee will have the opportunity to ask questions of officers and the external auditors at the meeting.

3. Legal/Financial Controls and other Policy matters

3.1 None.

4. Conclusion

4.1 The Committee is asked to consider the report.

5. Background Documents

None.

Contact Officer:

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Ext: 42065
ddrury@selby.gov.uk

Appendices:

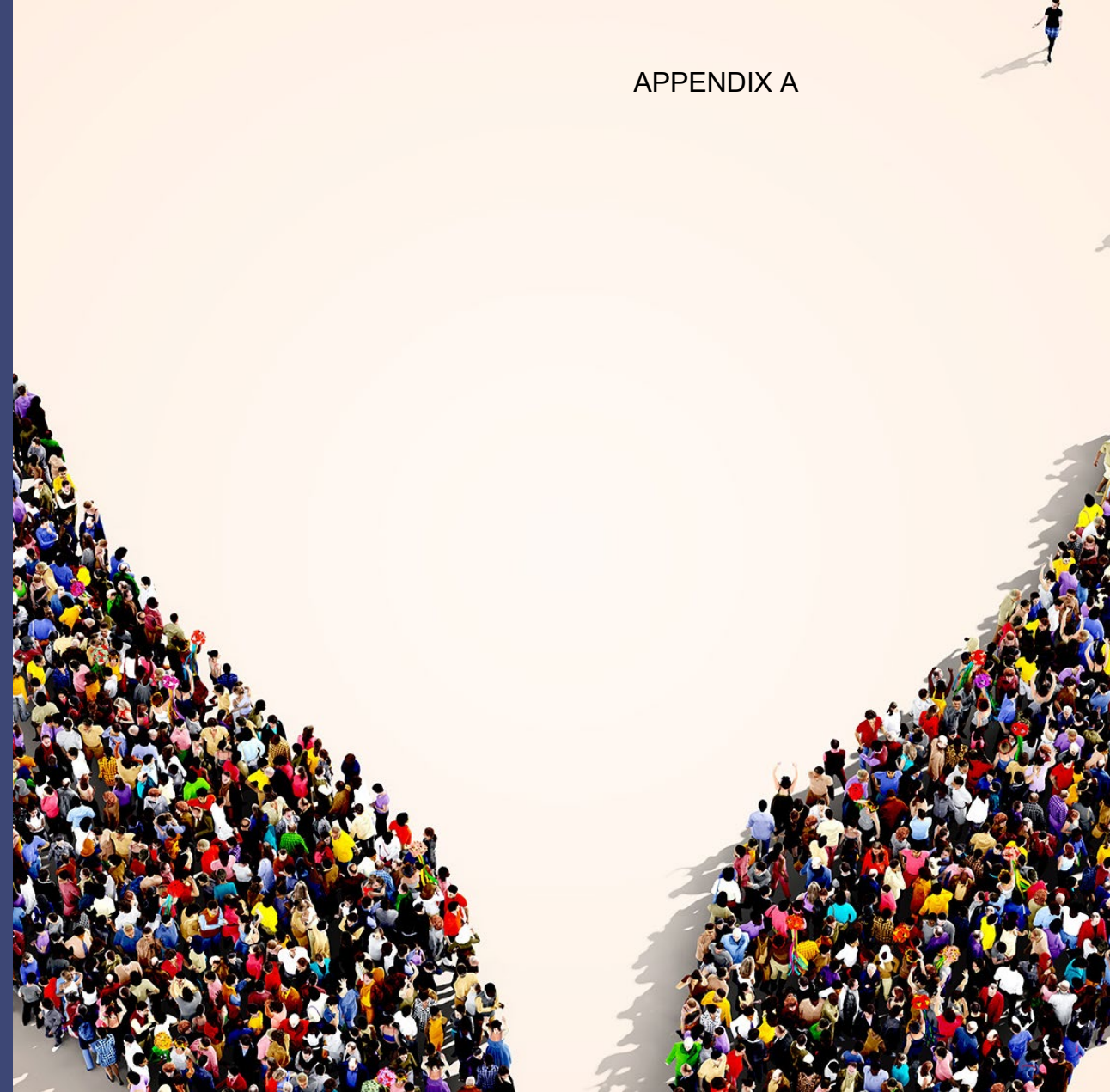
Appendix A – External Audit Progress Report

Audit progress report

Selby District Council

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July 2021



1. Audit progress
2. National publications

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01

Section 01:

Audit progress

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Audit progress

Purpose of this report

This report provides the Audit and Governance Committee meeting with an update on progress in delivering our responsibilities as your external auditors and also includes, at Section 2, for your information, a summary of recent reports and publications.

2020/21 audit

We are in the process of completing our value for money risk assessment and there are no issues to report at this stage.

In this quarter we are carrying out our audit work on the 2020/21 financial statements. There are no significant matters to report to you at this stage of the audit.

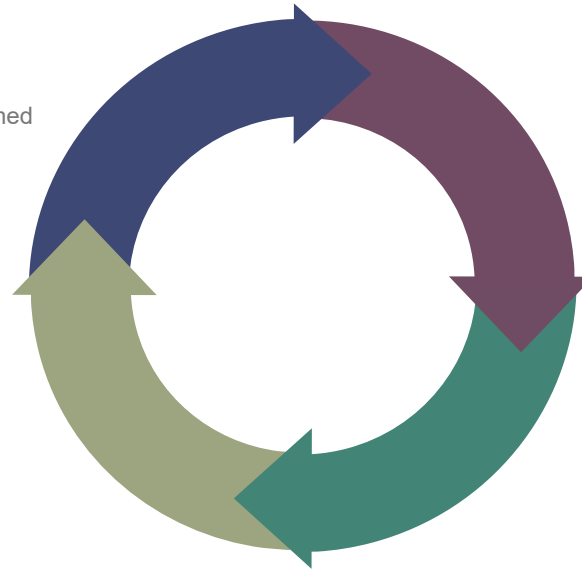
Changes to the Engagement Team: Abi Medic is your new Audit Manager for 2020/21. Abi is an experienced auditor and has worked on a complex and diverse range of audits. Abi has a current portfolio of local authority and NHS clients. Abi takes over from Nicola Hallas who is about to go on maternity leave.

Planning February-March 2021

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Completion August-September 2021*

- Final review and disclosure checklist of financial statements
 - Final partner review
 - Agreeing content of letter of representation
 - Reporting to the Audit and Governance Committee
 - Reviewing subsequent events
 - Signing the auditor's report
- * subject to receipt of Pension Fund auditor assurance



Interim February-April 2021

- Documenting systems and controls
- Performing walkthroughs

Fieldwork July-September 2021*

- Receiving and reviewing draft financial statements
- Tests of IT general controls
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting

* as per comments to the left

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Section 02:

National publications

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National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1.	Capital Strategy Guidance: A Whole Organisation Approach	Publication aims to support continuous improvement and includes a checklist.
2.	Successful Collaborations in the Public Services: the role of internal audit	Guide for internal auditors reviewing 'collaborations', but also of use to a wider audience given increased joint working.
Ministry of Housing, Communities and Local Government (MHCLG)		
3.	Update to audit review response	New powers for Audit, Reporting and Governance Authority on local government audit. Public Sector Audit Appointments is reconfirmed as appointing body for audit procurement and contract management.
4.	Methodology for allocating £15 million to local bodies and review of Appointing Person regulations	Consultations were held on allocation of the funds.
5.	MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021	A new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC, preferred system leader. Public Sector Audit Appointments (PSAA) role to continue into next national procurement.
National Audit Office (NAO)		
6	Initial learning from the government's response to the COVID-19 pandemic	Latest NAO report on learning from the government response to the pandemic.
7.	Framework to review programmes update	Framework for reviewing major programmes, along with examples of what 'good' looks like.

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NATIONAL PUBLICATIONS

CIPFA

1. Capital Strategy Guidance: A Whole Organisation Approach, May 2021

This guidance focuses on a whole organisation approach to prudent, sustainable and resilient local government investment.

The development of capital strategies has been challenging and difficult to implement fully and it is clear from the examples examined that there is still room for improvement for all local government organisations. The intention of this capital strategy guidance is to learn from what has been achieved to date and to support local government organisations with continuous improvement and refresh. CIPFA has identified areas for improvement that may help in the form of a checklist.

This guidance has been brought to life by including points to consider and extracts from capital strategies reported in 2020, although CIPFA recognises that most were published prior to the more serious impact of COVID-19.

<https://www.cipfa.org/policy-and-guidance/publications/c/capital-strategy-guidance-a-whole-organisation-approach>

2. Successful Collaborations in the Public Services: the role of internal audit, May 2021

The guide considers key concerns for internal auditors as they become involved in collaborative arrangements including the need for a 'singular' entity; how they can safeguard their independence and how assurance can be co-ordinated across providers. The guide also sets out issues for the internal auditor to review at each stage of the collaborative process to help inform audit scope. The publication covers the following:

- collaborative arrangements – the role of the internal auditor: benefits and barriers;
- pressures to collaborate and emerging models;
- stages of collaboration and the role of the internal auditor at each stage; and
- working with other assurance providers and internal auditors.

The guide draws on the good governance principles set out in the *International Framework: Good Governance in the Public Sector* (CIPFA/IFAC, 2014) throughout. It will assist internal auditors to perform effectively in their roles in relation to collaborations and add value for their entities. It will also be useful for others providing assurance on, or looking to establish, collaborative arrangements, including audit committees, external auditors and chief financial officers. It will also assist those, such as members of the wider governing body, wishing to gain a greater understanding of how internal auditors can assist public service entities in achieving the objectives of collaborative ventures.

<https://www.cipfa.org/policy-and-guidance/publications/s/successful-collaborations-in-the-public-services-the-role-of-internal-audit>

NATIONAL PUBLICATIONS

MHCLG

3. MHCLG – update to audit review response, May 2021

Further measures to help ensure taxpayers get value for money by improving the effectiveness and transparency of local government audit, were announced by the government.

The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers. The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

<https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response>

4. MHCLG - Methodology for allocating £15 million to local bodies and review of Appointing Person regulations, 20 April 2021

The Ministry of Housing, Communities & Local Government (MHCLG) announced as part of its response to the Redmond Review, that it would provide £15 million in additional funding in 2021/22 towards external audit fees and the development of the proposed new standardised statement of service information and costs. The department carried out a short, four-week consultation, seeking views on the on the methodology for allocating these funds to local bodies.

<https://www.gov.uk/government/consultations/consultation-on-allocation-of-15-million-to-local-bodies-for-audit/redmond-review-response-changes-to-the-audit-fees-methodology-for-allocating-15-million-to-local-bodies>

Running alongside this, the department carried out a separate six-week consultation on the implementation of changes to the fee setting process for principal bodies set out in the Local Audit (Appointing Person) Regulations 2015. The consultation primarily was seeking views on amending the timescale for setting fee scales, enabling the appointing person to consult on and approve a standardised additional fee, and for such payments to be made in year rather than at the completion of the audit.

<https://www.gov.uk/government/consultations/amendments-to-local-audit-fee-setting-arrangements>

NATIONAL PUBLICATIONS

MHCLG

5. MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021

In December 2020, MHCLG delivered its response to the Redmond Review. This report details the actions already taken to implement the Redmond Review recommendations, and also sets out the government's thinking on the recommendations relating to systems leadership.

In March 2021 the government published a White Paper setting out its plans to reform corporate audit, reporting and governance. The White Paper set out details of how the government proposes to establish a new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC. It also set out government plans to create a new audit profession that is distinct from the accountancy profession, and to encourage competition in the market for audit of large listed companies. We have looked at options for local audit in the context of these wider reforms.

In this context, it is our view that ARGA, the new regulator being established to replace the FRC, would be best placed to take on the local audit system leader role.

The Department welcomes the changes made in the latest Code of Audit Practice in relation to VFM reporting. Until recently, the Code required auditors to give a binary opinion on whether the proper arrangements were in place. However, this was revised in the recent update to the Code, which now requires auditors to provide a narrative statement on the arrangements in place. The department welcomes this change, as it is our view that the binary value for money judgement required under the previous Code did not provide sufficient information for taxpayers or local bodies, particularly in a context where the complexity and commercialisation of local authority finances has increased. The new value for money requirements in the updated Code including a new commentary on governance, arrangements for achieving financial sustainability, and improving economy, efficiency and effectiveness - should help to address this.

MHCLG has confirmed that PSAA is the organisation best placed to act as the appointing body, including overseeing the next procurement of audit contracts. There is a balance to be struck between cost and quality. Historically, there were concerns that fees were too high and it was right that real savings were delivered for the taxpayer following the abolition of the Audit Commission. However, the context has changed since 2014, including the structure of the market, plus new obligations and the complexity of the work. It is striking that local audit scale fees reduced by 40% between 2014/15 and 2018/19, while central government and FTSE100 fees have increased by 20%. We have been working closely with PSAA in recent months to develop our plans for allowing greater flexibility to reflect additional costs in audit fees, and are allocating £15m to local bodies to help with this and the additional requirements associated with implementing Redmond's recommendations.

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-spring-update/local-authority-financial-reporting-and-external-audit-spring-update>

NATIONAL PUBLICATIONS

National Audit Office

6. NAO Report – Initial learning from the government’s response to the COVID-19 pandemic, May 2021

The NAO has recently published its *Initial learning from the government’s response to the COVID-19 pandemic* report, which is part of a programme of work the NAO is undertaking to support Parliament in its scrutiny of government’s response to COVID-19. The report finds that the COVID-19 pandemic has stress-tested the government’s ability to deal with unforeseen events and potential shocks. Government has often acted at unprecedented speed to respond to a virus which has caused dramatic disruption to people’s lives, public service provision and society as a whole. Government had to continue to deliver essential public services, while reprioritising resources to deliver its response to the COVID-19 pandemic and supporting staff to work from home. In its response, Government has had to streamline decision-making, work across departments and public bodies and use a range of delivery structures.

Departments will need to reflect on the lessons learned to ensure that they capitalise on the benefits and opportunities these new ways of working have brought.

This report draws out learning from the reports that the NAO has published to date, as well as other work it has published that covered the COVID-19 pandemic. It sets out this learning across six themes, with a summary shown below:

Risk management

- Identifying the wide-ranging consequences of major emergencies and developing playbooks for the most significant impacts.
- Being clear about risk appetite and risk tolerance as the basis for choosing which trade-offs should be made in emergencies.

Transparency and public trust

- Being clear and transparent about what government is trying to achieve, so that it can assess whether it is making a difference.
- Meeting transparency requirements and providing clear documentation to support decision-making, with transparency being used as a control when other measures, such as competition, are not in place.
- Producing clear and timely communications.

NATIONAL PUBLICATIONS

National Audit Office

6. NAO Report – Initial learning from the government’s response to the COVID-19 pandemic, May 2021 (continued)

Data and evidence

- Improving the accuracy, completeness and interoperability of key datasets and sharing them promptly across delivery chains.
- Monitoring how programmes are operating, forecasting changes in demand as far as possible, and tackling issues arising from rapid implementation or changes in demand.
- Gathering information from end-users and front-line staff more systematically to test the effectiveness of programmes and undertake corrective action when required.

Coordination and delivery models

- Ensuring that there is effective coordination and communication between government departments, central and local government, and private and public sector bodies.
- Clarifying responsibilities for decision-making, implementation and governance, especially where delivery chains are complex and involve multiple actors.
- Integrating health and social care and placing social care on an equal footing with the NHS.
- Balancing the relative merits of central, universal offers of support against targeted local support.

Supporting and protecting people

- Understanding to what extent the pandemic and government’s response have widened inequalities, and taking action where they have.
- Providing appropriate support to front-line and other key workers to cope with the physical, mental and emotional demands of responding to the pandemic.

Financial and workforce pressures

The NAO will continue to draw out learning from the government’s response to the pandemic in its future work.

<https://www.nao.org.uk/wp-content/uploads/2021/05/Initial-learning-from-the-governments-response-to-the-COVID-19-pandemic.pdf>

NATIONAL PUBLICATIONS

National Audit Office

6. NAO Report – Initial learning from the government’s response to the COVID-19 pandemic, May 2021 (continued)

Financial and workforce pressures

- Placing the NHS and local government on a sustainable footing, to improve their ability to respond to future emergencies.
- Ensuring that existing systems can respond effectively and flexibly to emergencies, including provision for spare or additional capacity and redeploying staff where needed.
- Considering which COVID-19-related spending commitments are likely to be retained for the long term, and what these additional spending commitments mean for long-term financial sustainability.

The NAO will continue to draw out learning from the government’s response to the pandemic in its future work.

<https://www.nao.org.uk/wp-content/uploads/2021/05/Initial-learning-from-the-governments-response-to-the-COVID-19-pandemic.pdf>

7. NAO report - Framework to review programmes update April 2021

This NAO publication sets out updated questions to assess how well programmes are delivered and to highlight the risks a programme faces. Although designed for an audit approach, project professionals and those reviewing programmes may find these questions useful to challenge themselves about how well a programme is being delivered.

The framework comprises 18 key questions grouped into the four elements the NAO considers when it audits programmes:

- Purpose: need for programme, portfolio management and dependencies, stakeholder engagement.
- Value: options appraisal, business case, costs and duration, benefits.
- Set-up: governance and assurance, leadership and culture, delivery resources, putting the programme into practice, risk management
- Delivery and variation management: delivery strategy, change control, responding to external change, performance management, lessons learned, transition to business as usual.

<https://www.nao.org.uk/report/framework-to-review-programmes-update-april-2021/>

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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Report Reference Number: A/21/2

To: Audit and Governance Committee
Date: 27 July 2021
Author: Karen Iveson; Chief Finance Officer (s151)
Executive Member: Cllr Cliff Lunn; Lead Member for Finance and Resources
Lead Officer: Karen Iveson; Chief Finance Officer (s151)

Title: Draft Annual Governance Statement 2020/21

Summary:

This report presents an updated draft Annual Governance Statement (AGS) for 2020/21, which forms part of the Statement of Accounts. The audited accounts and final AGS will be presented to this committee at the meeting in September. The accompanying Action Plan identifies significant control issues which require improvement.

Recommendations:

Subject to comments from the Committee it is recommended that the Annual Governance Statement (AGS) be noted.

Reasons for recommendation

To enable the Committee to consider the updated draft AGS and actions for monitoring during the coming year.

1. Introduction and background

- 1.1** Good governance is important to all involved in local government; however, it is a key responsibility of the Leader of the Council and of the Chief Executive.
- 1.2** The preparation and publication of an annual governance statement in accordance with the CIPFA/SOLACE Framework was necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.

2. The Report

- 2.1** To meet the requirement to review the Annual Governance Statement (AGS) the Draft AGS is set out at Appendix A. This forms part of the Statement of Accounts which are in the process of external audit. The audited accounts and final AGS will be presented to this committee at the meeting in September.
- 2.2** The AGS includes an Action Plan which will be subject to half yearly review by the Audit and Governance Committee.
- 2.3** The Action Plan identifies significant control risks or weaknesses which require improvement. Progress against the approved action plan will be monitored by Leadership Team over the year in order to ensure actions are delivered to the agreed deadlines where possible.
- 2.4** Progress on actions from 2019/20 has been delayed as a result of Covid-19 although these are expected to complete in 2021/22. There are no new actions arising in 2020/21.

3. Alternative Options Considered

Not applicable.

4. Implications

4.1 Legal Implications

None as a direct result of this report.

4.2 Financial Implications

None as a direct result of this report.

4.3 Policy and Risk Implications

Significant control weaknesses present risk for the Council and therefore it is important that agreed actions are implemented.

4.4 Corporate Plan Implications

Ensuring an effective governance and control framework supports the Council in delivery of its 'great value' priority.

4.5 Resource Implications

Resources to deliver the agreed actions are within the approved budget and policy framework.

4.6 Other Implications

There are no other notable implications beyond those set out in the report and associated action plan.

4.7 Equalities Impact Assessment

Not applicable.

5. Conclusion

- 5.1** The AGS and scrutiny of the Action Plan represents progress towards setting the highest Corporate Governance standards and meets the requirements of the Accounts and Audit Regulations.

6. Background Documents

None.

7. Appendices

Appendix A – Updated Draft AGS 2020/21

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Annual Governance Statement 2020/21



Annual Governance Statement (AGS)

1. Scope of Responsibility

- 1.1 Selby District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The statement is prepared with consideration to the Chartered Institute of Public Finance and Accountancy (CIPFA)'s good governance framework and principles.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.3 The Council has operated a Leader and Executive (Cabinet) Model since May 2011. Since the Local Government Elections in 2015, the Council has elected 31 members. Elections were held in May 2019.

3. Selby District Council's Governance Framework

3.1 The key elements of the Council's Governance Framework are as follows:-

- The Council's key priorities during 2020/21 were reflected in its Council Plan 2020-30, which was approved by Full Council on 17th December 2019.
- The new 10 year council plan is accompanied by a 3 year Delivery Plan. The first of these was due to be published in March 2020. However, when the Covid pandemic struck the delivery plan was delayed so that it could be updated to reflect the Council's plans for recovering from the Covid-19 pandemic.
- The formal Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.
- The Council's budget and policy framework is set by the full Council. The Executive has delegated authority to operate and make decisions within the framework. Some powers are delegated to senior officers.
- In addition to the Executive there are two specific regulatory committees for Licensing and Planning. These have independent powers within their legislative framework. Each of these acts within defined terms of reference agreed by the full Council.
- Throughout 2020/21 council committee meetings have been held as remote meetings using MS Teams. They have been broadcast to be able to be viewed by members of the public.
- Early in the pandemic some decisions were made under urgency procedures by the Leader of the Council (or Chief Executive). Decisions made under urgency procedures are recorded on the Council's committee management system. At the next available Full Council meeting all such decisions are reported.
- A Standards Sub-Committee was established as a sub-committee of the Audit and Governance Committee in May 2017 and exercises functions relating to standards of conduct of members under the Localism Act 2011.
- The Executive is subject to review by the Council's Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy. There are two statutory scrutiny committees: - Policy Review, and Scrutiny. The Audit and Governance Committee also contributes to scrutiny and overview.
- The Committee Management System, which was introduced in 2018/19 enables the recording, tracking and monitoring of committee agenda, minutes, reports and decision records.

- The Council had formerly established five Community Engagement Forums (CEFs), which provided a forum for the public to speak directly to those who deliver local services. The Council also provided Community Funds to the CEF annually; for grants and projects that met the objectives of each CEFs Community Development Plan (CDP). On 11th March 2021 the Executive considered the future of Community Engagement Forums and proposed that they are replaced by an alternative scheme to allocate funding. Council approved this change at its meeting on 13th April 2021. The replacement scheme is being developed by the Director of Place & Regeneration in consultation with Executive Members and is intended to mirror the NYCC model, involving ward members in the process.
- Council meetings are open to the public except when exempt or confidential matters are being disclosed. During 2020/21 this has been accomplished by introducing Remote Meeting Rules within the Constitution and broadcasting remote meetings, as well as making them available to view afterwards on Youtube. The public have an opportunity to participate in some of the meetings. This has been facilitated by providing access to the remote meeting via MSTeams. Plans are in place when Remote Meetings legislation ends on 7th May 2021 to facilitate face to face covid secure council meetings. The meeting is to be streamed live using MSTeams and Youtube. It will be open to the public and their participation will be facilitated face to face or via MSTeams remotely.
- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers forming part of the Council's Constitution. The Council also has a sub delegation scheme which is reviewed regularly and is published on the website.
- The Council has adopted a Local Code of Corporate Governance which is reviewed by the Audit and Governance Committee and has developed a 'Governance Framework on a Page', which is appended to this AGS.
- The Council has a counter fraud and corruption strategy, covering 2020-23 and a counter fraud and corruption policy, which are reviewed annually. A revised strategy and policy were approved by Audit and Governance Committee and these are scheduled for consideration by the Executive in July 2021. The Council also has a separate whistleblowing and anti money laundering policies. The Council employs Veritau to provide a counter fraud service.
- The Chief Executive post is also an Assistant Chief Executive at North Yorkshire County Council (NYCC). As part of The Better Together programme, the two councils are working together to support efficiencies and improved services through effective partnership working.

- The Solicitor to the Council also acts as the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities relating to the Members' Code of Conduct.
- The Chief Finance Officer (s151) (a joint role employed by NYCC under Better Together - Assistant Director Strategic Resources NYCC and Chief Finance Officer SDC) is the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with the Section 151 of the Local Government Act 1972. In compliance with CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government", Selby is in full compliance as the Chief Officer (s151) is a member of the Leadership Team.
- Both the Statutory Officers referred to above have unfettered access to information, to the Chief Executive and to Members of the Council in order that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution.
- Financial sustainability is a key risk for the Council and a robust financial management framework is fundamental to managing and mitigating that risk. It comprises:
 - Financial and Contract Procedure Rules as part of the Constitution;
 - A Financial Strategy which provides the framework for financial planning – projecting high level resources and spending over 10 years, it identifies the short, medium and long term financial issues the Council is dealing with and its approach to managing reserves;
 - Medium-term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities. Due to the impact of Covid-19 a revised budget and medium-term financial strategy was approved by the Council in September 2020.
 - An Asset Management Strategy, aligned with the Council Plan – a review of the strategy is pending the outcome of local government re-organisation;
 - A Digital Strategy, which sets out the Council's approach to using information and communications technology to transform the way we work and empower citizens and council employees to reach their full potential;
 - Service and financial planning integrated within the corporate performance management cycle and linked to the Council's corporate objectives;

- Annual budget process involving scrutiny and challenge;
 - Monthly monitoring by management of revenue and capital budgets – with regular reports to the Executive;
 - Embedded arrangements for securing efficiencies and continuous improvement;
 - Production annually of a Statement of Accounts compliant with the requirements of local authority accounting practice;
 - Compliance with requirements established by CIPFA.
- A performance management framework provides an explicit link between the corporate priorities and personal objectives of Council Officers. Performance is reported to Members and the Council's Leadership Team on a systematic basis with areas of poor performance investigated. Key features of the Performance Management Framework include:-
 - A regular review of the Council Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;
 - Service specific Strategic Plans, which are produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;
 - The Council's staff appraisal system links personal objectives directly to Service Plans;
 - Regular reports on the performance of key indicators, which are presented to the Executive;
 - The production of an Annual Report and communication through Citizen Link, (the Council's community newspaper), providing commentary and data on the previous year's performance and setting out priorities for the coming year(s).
 - The Council maintains a professional relationship with Mazars, the body responsible for the external audit of the Council and the appointment of Mazars by the Public Sector Audit Appointments (as part of a national procurement exercise), for a further term, was confirmed during 2017/18. This term lasts until the end of 2022/23.
 - Recruitment and selection procedures are based on recognised good practice and all staff posts have a formal job description and competency based person specification. Services are delivered and managed by staff with the necessary knowledge and expertise with training needs identified via the formal appraisal process contributing to a corporate training strategy.
 - Pay is governed by a Pay Policy considered and approved annually by Council.
 - The maintenance of systems and processes to identify and manage the key strategic and operational risks to the achievement of the Council's objectives. Risk management

continues to evolve within the Council and presently includes the following arrangements:-

- a Risk Management Policy and Strategy has been adopted by the Council and is reviewed annually;
 - a Risk Management guidance document has been issued to key staff along with risk management training;
 - the maintenance of a Corporate Risk Register (CRR) comprising risks for the Council as a whole, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;
 - detailed Service Based Risk Registers (SBRR) which have been updated along with a mechanism for feeding up to the CRR;
 - the Leadership Team keep the corporate risk management arrangements under review;
 - periodic review of risks in-year with reports to the Audit and Governance Committee and the Leadership Team;
 - the Audit and Governance Committee also approve and review the Risk Management Strategy;
 - the use by Internal Audit of a risk-based approach in the preparation and delivery of the audit plan;
 - the requirement for Officers of the Council to consider risk management issues when submitting reports to the Executive and Council for consideration by Members;
 - the adoption of an abridged version of the PRINCE2 Project Management Methodology as a means of contributing to the effective management of risks in major projects.
- The Council has established a Corporate Information Governance Group (CIGG) in order to address the requirements of the General Data Protection Regulation (GDPR) which came into effect on 25th May 2018. The Council's Senior Information Risk Owner (SIRO) is the Chief Finance (s151) Officer. The CIGG includes representatives from Veritau, who have been engaged as the Council's Data Protection Officer (DPO), a requirement of the GDPR. Veritau provide regular updates to the Audit & Governance Committee.
 - The maintenance of an adequate and effective system of Internal Audit is a requirement of the Accounts & Audit Regulations. Internal Audit is provided by Veritau North Yorkshire Ltd. (VNY), which is part of the Veritau group. The work of Internal Audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards. In accordance with these standards Internal Audit is required to prepare an audit plan on at least an annual basis.

- Internal Audit examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control.
- The audit plan is informed by the Council's main strategic risks. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Council's priorities and objectives.
- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement. It aims to achieve this by a variety of means including the following:
 - Service/process transformation and efficiency reviews;
 - Working with partners;
 - External and Internal Audit feedback.

4. Review of Effectiveness

- 4.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review takes account of the work of Internal Audit and the Council's Leadership Team who have a responsibility for the development and maintenance of the governance environment, and also by comments made by external auditors and other review agencies and inspectorates.
- 4.2 The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant issues.
- 4.3 The process that has been applied in maintaining and reviewing the effectiveness of the Council's system of internal control includes the following:
- The Council's Monitoring Officer oversaw the operation of the Constitution to ensure its aims and principles were given full effect;
 - The arrangements for Overview and Scrutiny have operated throughout the year allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business. Quarterly meetings take place between the Chairs of Scrutiny and the Executive.
 - The Audit and Governance Committee met throughout the year and received reports on the progress by Internal Audit against

their work plan. The Committee also considered auditable areas where Internal Audit raised significant internal control concerns;

- The Chief Finance Officer (s151) supported the Audit and Governance Committee and attended all meetings of the Committee;
- Internal Audit completed a programme of audits during the year according to its plan, including follow up audits. There were no specific investigations in the year.
- Early in 2020/21 internal audit work was suspended as the Council responded to the impacts of Covid-19. The internal audit plan was approved later than normal, in July 2021. Throughout 2020/21, the Covid-19 pandemic impacted on the amount internal audit work done. Any significant issues continued to be reported and any previously agreed actions to address significant issues continued to be followed up. The amount of work completed was sufficient to enable the Head of Internal Audit to give the annual opinion.
- The overall opinion of the Head of Internal Audit on the governance, risk management and control framework operated by the Council is that it provides **Reasonable Assurance**. The opinion given is based on work that has been undertaken directly by internal audit, and on cumulative knowledge gained through our ongoing liaison and planning with officers. However, in giving the opinion, we would note that Covid-19 has significantly affected the authority over the last year, with a wide ranging impact on business operations and controls. While the work of internal audit is directed to the areas that are most at risk, or provide most value for the authority it is not possible to conclude on the full extent of the impact of Covid-19 on the operations of the authority. No reliance was placed on the work of other assurance bodies in reaching this opinion.
- Some areas of weakness previously identified in the Annual Governance Statement Action Plan have been resolved during 2020/21. Two items remain, relating to PCI DSS (Payment card security) and Performance Management. No additional areas are recommended for inclusion arising from 2020/21 internal audit work.
- The Council's Corporate Risk Register (CRR) has been maintained under review during the year and updated accordingly. Reports on risk management have been considered by the Leadership Team and the Audit and Governance Committee. The Audit and Governance Committee reviewed the Risk Management Strategy in January 2021.
- The Council's Risk Register has been maintained under review during the year and updated accordingly. Reports on risk management have been considered by the Leadership Team and the Audit and Governance Committee.

- Quarterly monitoring information on key areas of performance has been provided to Strategic Management and Members;
- The external auditor's annual letter confirmed that the Council had satisfactory arrangements to secure Value for Money. In respect of the Council's Statement of Accounts, an unqualified opinion was issued;
- The external auditor did not identify any significant weaknesses in our internal control arrangements.

5 Significant Governance issues

- 5.1 No system of governance or internal control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, two issues have been identified for improvement.
- 5.2 The most significant issues for the Council to address during 2021/22 will be those resulting from residual impacts of Covid-19 and Local Government reorganisation. These will present challenges in relation to delivery of the Council's priorities as we move through recovery from the pandemic, financial pressures and how public services are delivered.
- 5.3 Updates on the Annual Governance Statement action plan were reported to the Audit and Governance committee regularly during 2020/21. Issues relating to Information Governance and Procurement were resolved during the year.
- 5.4 Two issues remain on the action plan, which had arisen from internal audits. Plans to address these requirements have been produced and will be subject to regular monitoring by the Council's Leadership Team and the Audit and Governance Committee, where appropriate. Updates will be provided to Audit and Governance committee during 2020/21.

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position (July 2021)
Non-compliance with the Payment Card Industry Data Security Standard (PCI DSS)	Internal Audit report	New software purchased as old system ceased to be supported. Implementation of new software should resolve PCI DSS issues Management responsibility has been defined. Responsibility for completing annual PCI DSS assessment to be assigned.	Head of Business Development and Improvement Revised date to 5 October 2021 (previously 31 December 2020 and then 31 July 2021).	A new income management system has been procured from Civica that will enable PCI DSS compliance. Originally it was planned that this would be implemented by September 2020 but was delayed due to Covid. CivicaPay was rescheduled to launch on 27 July and we were on track to do so. However, we have asked for time to review the proposed approach to taking telephone payments and the go live date has been moved to 5 October 2021.
Performance Management	Internal Audit Report	<ul style="list-style-type: none"> • PDR guidance to be reviewed and updated • HR to undertake QA review of sample of PDRs • Return rate of PDRs to be monitored & all PDRs reviewed and returned to manager if not complete. • Training plan to be completed promptly following PDR process. 	Head of Business Development and Improvement Revised date 30 September 2021 (previously December 2020 and then 30 June 2021)	<p>In light of local government re-organisation, a review of PDR guidance has concluded that our arrangements are appropriate and no changes are proposed at this time.</p> <p>We will shortly be issuing reminders to managers regarding completion of 2021 PDRs, following which we will review completion and develop the training plan. This has been delayed due to other priorities</p>

**Janet Waggott
Chief Executive**

**Councillor Mark Crane
Leader of the Council**

Selby District Council - Corporate Governance Framework

Two overarching principles of good corporate governance:

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Ensuring openness and comprehensive stakeholder engagement

Five areas where effective arrangements need to be in place to deliver good governance:

Defining outcomes in terms of sustainable economic, social, and environmental benefits

Determining the interventions necessary to optimise the achievement of the intended outcomes

Developing the entity's capacity, including the capability of its leadership and the individuals within

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Managing risks and performance through robust internal control and strong public financial management within it

Corporate Governance comprises the systems, processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities. At Selby these are defined and implemented by:

Key Documents: Annual Review / Production

- Constitution
- Council Plan
- Annual Performance Reports
- Annual Outturn Finance Reports
- Corporate Risk Register
- Scheme of Delegation
- Service Plans
- Medium Term Financial Strategy
- Members Allowances Scheme
- Prudential Code and Treasury Management Strategy
- Risk Management Strategy
- Statement of Accounts
- Asset Management Strategy
- Counter Fraud Strategy

Key Documents: Ad Hoc Review / Production

- Business Continuity Plans
- Community Engagement Strategy
- Corporate Procurement Strategy
- Financial Regulations
- Equality and Diversity Policy
- Health and Safety Policies
- Information Governance Framework
- Internet transparency pages
- Member / Officer relations protocol
- Members' Code of Conduct
- Officer's Code of Conduct
- Partnerships Policy
- Performance Management Framework
- Decisions records
- Whistleblowing policy
- ICT Strategy
- Partnerships arrangements
- Customer Strategy

Contributory Processes / Regular Monitoring

- Annual Governance Statement
- Audit and Governance Committee
- Budget Monitoring
- Head of Paid Service
- Monitoring Officer
- S151 officer
- External Audit
- Internal Audit
- Senior Leadership Team meetings
- Intranet
- H&S Processes
- Council Tax Leaflet
- Customer Feedback Process
- Job Descriptions
- Job Evaluation Process

- Annual Performance Appraisals
- Council Meetings
- Scrutiny Framework
- Member Training
- Independent Remuneration Panel
- Staff Induction
- Staff Surveys
- Organisational Development
- Safer Recruitment
- Gifts and Hospitality policy
- Annual Ombudsman Letter
- 3 yearly Surveillance Commissioners Visits
- CIPFA Financial Management Code self assessment and action plan

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Report Reference Number: A/21/3

To: Audit and Governance Committee
Date: 27 July 2021
Authors: Ed Martin; Audit Manager – Veritau
Daniel Clubb; Corporate Fraud Manager – Veritau
Kirsty Bewick; Information Governance Manager - Veritau
Lead Officer: Karen Iveson; Chief Finance Officer

Title: Annual Report of the Head of Internal Audit 2020-21; Annual Counter Fraud Report; Annual Information Governance Report

Summary:

This report includes annual reports from services provided to the council by Veritau Ltd. It includes the Annual Report of the Head of Internal Audit, which summarises internal audit work undertaken in 2020/21 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control. It also includes annual reports setting out counter fraud activity and performance during 2020/21 and information governance work undertaken for the council in 2020/21.

Recommendation:

That the committee:

- (i) note the annual report of the Head of Internal Audit (annex 1) and the "Reasonable Assurance" opinion regarding the overall framework of governance, risk management and control operating within the council.
- (ii) note the outcome of the internal audit quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards
- (iii) note the counter fraud work undertaken during the year (annex 2).
- (iv) note the information governance work undertaken during the year (annex 3)

Reasons for recommendation

To enable the committee to fulfil its responsibility for reviewing the outcomes of internal audit, counter fraud and information governance work and to support its consideration of the council's Annual Governance Statement.

1. Introduction and background

- 1.1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the council's audit charter. These require the Head of Internal Audit to bring an annual report to the Audit and Governance Committee. The report must include an opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control. The annual report is included at annex 1 to this report.
- 1.2 Internal audit services are provided to the council by Veritau, which also provides counter fraud and information governance services. Annual reports setting out counter fraud activity and performance (annex 2) and information governance work (annex 3) are also included as part of this report.

2. The Report

- 2.1 Annex 1 includes a summary of internal audit work carried out during 2020/21 and gives an opinion on the overall framework of governance, risk management and control in place within the council. The report also includes conclusions from Veritau's internal audit Quality Assurance and Improvement Programme (QAIP).
- 2.2 A summary of counter fraud work carried out during 2020/21 is included at annex 2. Investigations resulted in over £12k of savings being made by the council. In addition, £30k of Covid-19 grant fraud was prevented.
- 2.3 Annex 3 includes a summary of the information governance work carried out during 2021/21. This includes detail on the support provided in relation to Covid-19 as well progress on areas such as the Information Governance Policy Framework.

Internal Audit Charter

- 2.4 The Internal Audit Charter sets out how internal audit at the council will be provided in accordance with the PSIAS. The Charter is reviewed on an annual basis and any proposed changes are brought to the Audit & Governance Committee. No changes are proposed at this time.

3. Implications

- 3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

- 4.1 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides Reasonable Assurance. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.
- 4.2 The opinion given is based on work that has been undertaken directly by internal audit, and on cumulative knowledge gained through our ongoing liaison and planning with officers. However, in giving the opinion, we would note that Covid-19 has significantly affected the council over the last year, with a wide ranging impact on business operations and controls. While the work of internal audit is directed to the areas that are most at risk, or provide most value for the council, it is not possible to conclude on the full extent of the impact of Covid-19 on the council's operations.

5. **Background Documents**

Internal Audit, Counter Fraud and Information Governance Plans 2020/21

Internal Audit, Counter Fraud and Information Governance progress reports to Audit and Governance Committee in 2020/21

The Public Sector Internal Audit Standards 2017

6. **Annexes:**
- Annex 1: Annual Report of the Head of Internal Audit 2020/21**
 - Annex 2: Counter Fraud Annual Report 2020/21**
 - Annex 3: Information Governance Annual Report 2020/21**

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ANNUAL HEAD OF INTERNAL AUDIT REPORT 2020/21

Date: 27 July 2021

ANNEX 1



CONTENTS

 Background	4	 Internal audit work carried out	4
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Ed Martin
Audit Manager



Max Thomas
Head of Internal Audit

Circulation list: Members of the Audit and Governance Committee



BACKGROUND

- 1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the council's audit charter. These require the Head of Internal Audit to bring an annual report to the Audit and Governance Committee. The report must include an opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control. The report should also include:
 - (a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
 - (b) any particular control weakness judged to be relevant to the preparation of the annual governance statement
 - (c) a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
 - (d) an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme, including a statement on conformance with the PSIAS.



INTERNAL AUDIT WORK CARRIED OUT IN 2020/21

- 2 During the last year, the Covid pandemic has had a significant impact on the council's working practices. In addition, much of the council's resources have been directed towards responding to Covid related issues. This has also impacted upon the work of internal audit.
- 3 A summary of internal audit work undertaken during the year is included in appendix A, below. During the first part of the year, work on core audit assignments was suspended at the request of the council. This included finalisation of work from the previous year and follow up of previously agreed actions. During this period, Veritau continued to provide support to the council, including providing advice and assisting in the processing of Covid-19 business support grants (alongside the counter fraud team). The 2020-21 audit plan was approved by the audit committee in July 2020 and work recommenced after summer 2020, with all audit work being undertaken remotely.
- 4 Audit work undertaken since then has focussed on those areas considered higher risk, with priority given to material financial systems. We have also taken a pragmatic approach to finalising work suspended during the early part of the year. In many cases, we have rolled forward the original findings into new work undertaken or planned, to review the findings in light of subsequent changes. The delay in starting work during the year has also meant that we currently have a higher level of outstanding 2020/21 work than would normally be expected at this point. The intention will be to bring the audit cycle back in line with normal arrangements over the next year.

- 5 Appendix B, below, provides details of the key findings arising from internal audit assignments completed, that we have not previously reported to the committee. Appendix C provides an explanation of our assurance levels and priorities for management action.

FOLLOW UP OF AGREED ACTIONS

- 6 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. During the ongoing Covid-19 pandemic, given the additional demands on officers, Veritau has agreed with management to take a pragmatic approach to follow up work. We have concentrated on following up higher priority actions. Significant outstanding actions are detailed in this report at appendix D.

PROFESSIONAL STANDARDS

- 7 In order to comply with Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to professional standards. The results of the QAIP are reported to the committee each year as part of the annual report. The QAIP consists of various elements, including:
- maintenance of a detailed audit procedures manual and standard operating practices
 - ongoing performance monitoring of internal audit activity
 - regular customer feedback
 - training plans and associated training and development activities
 - periodic self-assessments of internal audit working practices (to evaluate conformance to the standards).
- 8 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The most recent external assessment of Veritau internal audit working practices was undertaken in November 2018¹. This concluded that Veritau internal audit activity generally conforms to the PSIAS².
- 9 The outcome of the recently completed self-assessment demonstrates that the service continues to generally conform to the PSIAS, including the Code of Ethics and the Standards. Further details of the QAIP are given in appendix E.

¹ Reported to the Audit and Governance committee in January 2019.

² PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

- 10 The Internal Audit Charter sets out how internal audit at the council will be provided in accordance with the PSIAS. The Charter is reviewed on an annual basis and any proposed changes are brought to the Audit & Governance Committee. No changes are proposed at this time.

OPINION OF THE HEAD OF INTERNAL AUDIT

- 11 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides Reasonable Assurance. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.
- 12 The opinion given is based on work that has been undertaken directly by internal audit, and on cumulative knowledge gained through our ongoing liaison and planning with officers. However, in giving the opinion, we would note that Covid-19 has significantly affected the council over the last year, with a wide ranging impact on business operations and controls. While the work of internal audit is directed to the areas that are most at risk, or provide most value for the council, it is not possible to conclude on the full extent of the impact of Covid-19 on the council's operations.

APPENDIX A: 2020/21 INTERNAL AUDIT WORK

Audit	Status	Assurance Level ³
Council Tax & NNDR	Draft	Substantial Assurance
Benefits	Fieldwork complete	TBC
Creditors	Draft	Limited Assurance
General Ledger	Final	Substantial Assurance
Debtors	Draft	Substantial Assurance
Housing Rents	Draft	Reasonable assurance
Absence Management	Fieldwork complete	TBC
Contract Management and Procurement	Final	Substantial Assurance
Community Infrastructure Levy	Final	Reasonable Assurance
<p>Other work</p> <p>Internal audit work has been undertaken in a range of other areas during the period, including those listed below.</p>		
<ul style="list-style-type: none"> • Covid related advice and support: including administration of government grants; supplier relief; and use of video conferencing applications. • Follow up of agreed actions. • Support and advice provided through the year on controls and processes. • Grant certification and central government submissions work, including Covid enforcement and compliance grant and Arts Council Selby950 grant, Pooling of Housing Capital Receipts. 		

³ Draft audit opinions have been included where reports have not been finalised. The opinion could change if significant new information is received which changes the auditors opinion of risk and control.

APPENDIX B: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
General Ledger	Substantial Assurance	An audit of the main accounting system and budgetary control.	5 May 2021	<p>It was found that systems were working well. Controls relating to bank reconciliations, feeder systems, suspense accounts and journals were operating effectively.</p> <p>Budget management and monitoring was generally effective. Some budget forecasts were not being updating in a timely manner.</p>	Finance will monitor timeliness of forecasting submissions and work with budget managers to reinforce rigour of budget management.
Contract Management and Procurement	Substantial Assurance	An audit of processes for procurement and contract management during the pandemic, including re-letting of contracts, and supplier relief.	1 June 2021	<p>It was found that during the pandemic procedures remained effective and contracts were re-let in line with contract procedure rules.</p> <p>The pandemic caused some challenges. Tendering and contract management processes were adapted appropriately.</p> <p>The council's reviewed its contract register to identify suppliers that may be at risk due to the pandemic. One supplier did receive relief and processes and controls for this were appropriate and effective. However, not all suppliers and contract managers were made aware of the</p>	The contract register will be updated, and liaison will take place with contract managers, to identify any contracts eligible for future supplier relief that may be required as a result of the pandemic.

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				availability of supplier relief to support cash flow issues arising from the pandemic.	

APPENDIX C: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

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Priorities for actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

APPENDIX D: HIGHER PRIORITY ACTIONS WITH REVISED DATES OF MORE THAN 12 MONTHS FROM ORIGINALLY AGREED DATE

Audit	Agreed Action	Priority Rating	Responsible Officer	Due	Notes / Update
Payment Card Industry Data Security Standard (PCI DSS) Page 63	New software purchased as old system ceased to be supported. Implementation of new software should resolve PCI DSS issues Management responsibility has been defined. Responsibility for completing annual PCI DSS assessment to be assigned.	1	Head of Business Development and Improvement	Revised date: 5 October 2021 (previously December 2020 and July 2021)	A new income management system has been procured from Civica that will enable PCI DSS compliance. Originally it was planned that this would be implemented by September 2020 but was delayed due to Covid. CivicaPay was rescheduled to launch on 27 July and the council was on track to do so. However, the proposed approach to taking telephone payments will be reviewed first and the go live date has been moved to 5 October 2021.
Performance Management	PDR guidance to be reviewed and updated HR to undertake QA review of sample of PDRs Return rate of PDRs to be monitored & all PDRs reviewed and returned to manager if not complete. Training plan to be completed promptly following PDR process.	2	Head of Business Development and Improvement	Revised date: 30 September 2021 (previously December 2020 and June 2021)	In light of local government re-organisation, a review of PDR guidance has been conducted and the council has concluded that arrangements are appropriate and no changes are proposed at this time. The council will shortly be issuing reminders to managers regarding completion of 2021 PDRs, following which they will review completion of PDRs and develop the training plan. This has been delayed due to other priorities.

APPENDIX E: INTERNAL AUDIT - QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

1.0 Background

Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- the maintenance of a detailed audit procedures manual
- the requirement for all audit staff to conform to the Code of Ethics and Standards of Conduct Policy
- the requirement for all audit staff to complete annual declarations of interest
- detailed job descriptions and competency profiles for each internal audit post
- regular performance appraisals
- regular 1:2:1 meetings to monitor progress with audit engagements
- induction programmes, training plans and associated training activities
- attendance on relevant courses and access to e-learning material
- the maintenance of training records and training evaluation procedures
- membership of professional networks
- agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- the results of all audit testing and other associated work documented using the company's automated working paper system (Sword Audit Manager)
- file review by senior auditors and audit managers and sign-off at each stage of the audit process
- the ongoing investment in tools to support the effective performance of internal audit work (for example data interrogation software)
- post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- performance against agreed quality targets monitored and reported to each client on a regular basis
- regular client liaison meetings to discuss progress, share information and evaluate performance

On an ongoing basis, samples of completed audit work are subject to internal peer review by a Quality Assurance group. The review process is designed to ensure audit work is completed consistently and to the required quality standards. The work of the Quality Assurance group is overseen by an Assistant Director. Any key learning points are shared with the relevant internal auditors and audit managers. The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken where required (for example, increased supervision of individual internal auditors or further training).

Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also update the PSIAS self-assessment checklist and obtain evidence to demonstrate conformance with the Code of Ethics and the Standards. As part of ongoing performance management arrangements, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit is also a member of various professional networks and obtains information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of the annual client survey, PSIAS self-assessment, professional networking, and ongoing quality assurance and performance management arrangements are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans. The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior management and the board⁴ as part of the annual report of the Head of Internal Audit.

External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

2.0 Customer Satisfaction Survey 2021

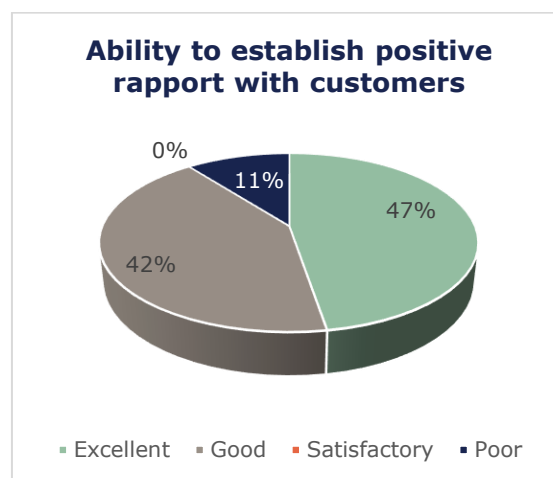
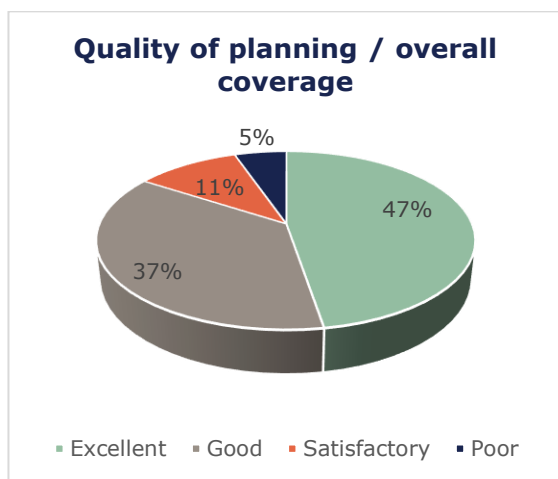
In March 2021 we asked clients for feedback on the overall quality of the internal audit service provided by Veritau. Where relevant, the survey also asked questions about counter fraud and information governance services. A total of 165 surveys (2020 – 136) were issued to senior managers in client organisations. A total of 19 responses were received representing a response rate of 12% (2020 – 11%). The surveys were sent using Survey Monkey and the respondents were required to identify who they were. Respondents were asked to rate the different elements of the audit process, as follows:

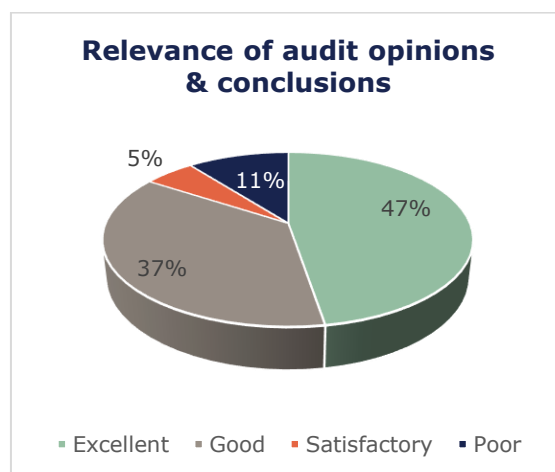
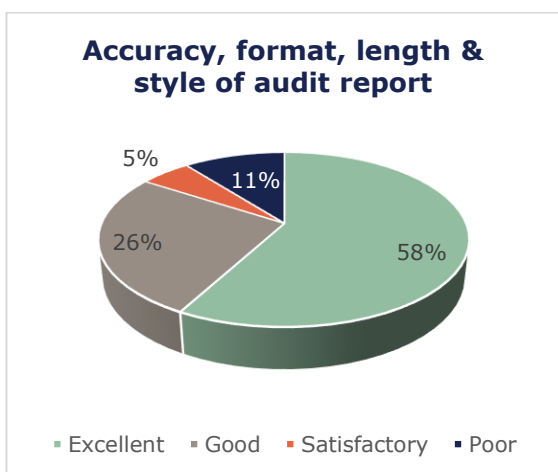
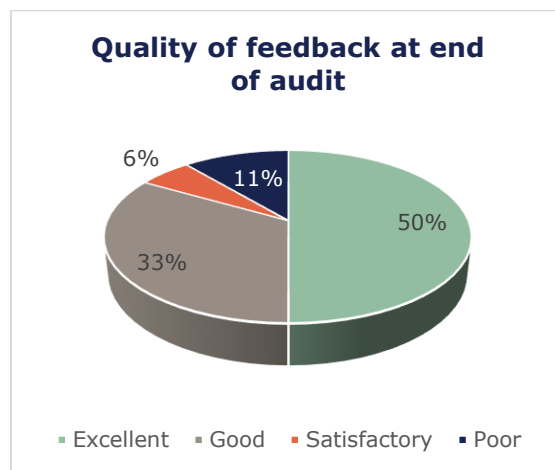
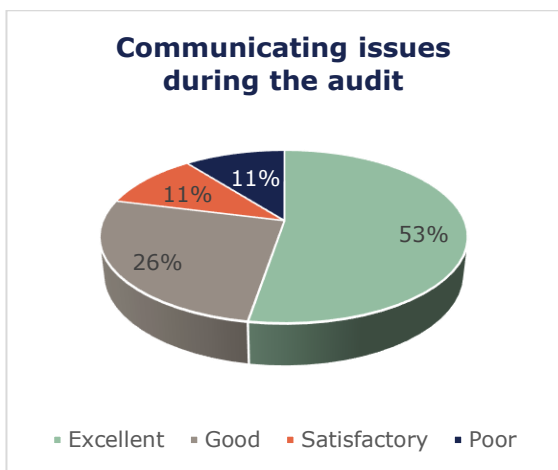
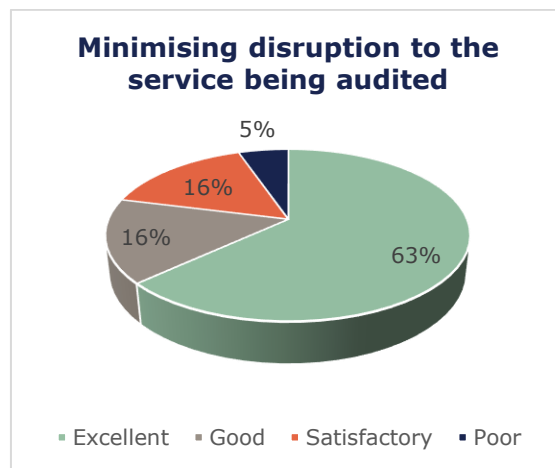
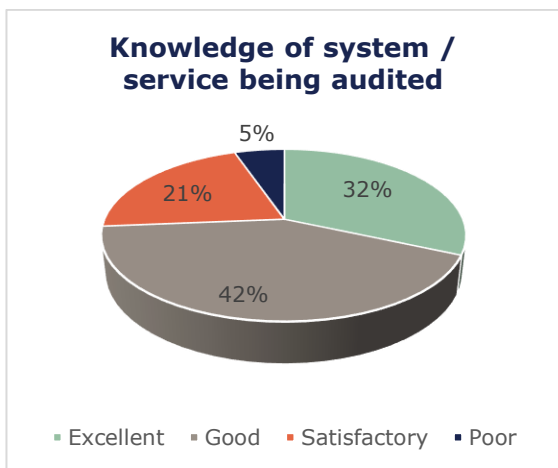
- Excellent (1)
- Good (2)

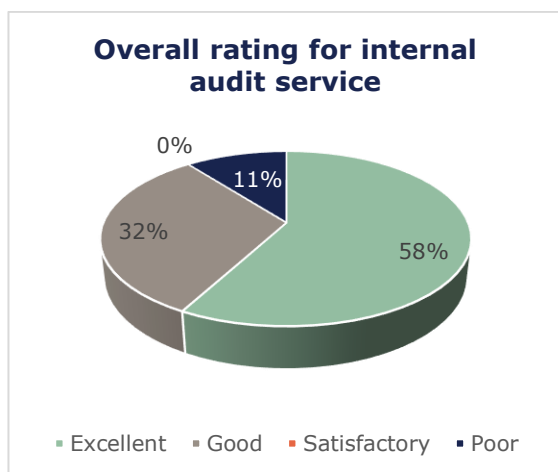
⁴ As defined by the relevant audit charter.

- Satisfactory (3)
- Poor (4)

Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below. These are presented as percentages, for consistency with previous years. However, it is recognised that the low number of respondents means that the percentage for each category is sensitive to small changes in actual responses (1 respondent represents about 5%).







The overall ratings in 2021 were:

	2021		2020	
Excellent	11	58%	3	20%
Good	6	32%	11	73%
Satisfactory	0	0%	0	0%
Poor	2	11%	1	7%

The feedback shows that the majority of respondents continue to value the service being delivered.

3.0 Self-Assessment Checklist 2021

CIPFA has prepared a detailed checklist to enable conformance with the PSIAS and the Local Government Application Note to be assessed. The checklist was originally completed in March 2014 and has since been reviewed and updated annually. Documentary evidence is provided where current working practices are considered to fully or partially conform to the standards. A comprehensive update of the checklist was undertaken in 2020, following revisions by CIPFA.

Current working practices are considered to be at standard. However, as in previous years there are a few areas of non-conformance. These areas are mostly as a result of Veritau being a shared service delivering internal audit to a number of clients as well as providing other related governance services. None of the issues identified are considered to be significant. Existing arrangements are considered appropriate for the circumstances and require no further action.

The following areas of non-compliance remain largely unchanged from last year.

Conformance with standard	Current position
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit	Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific

Conformance with standard	Current position
committee before the engagement was accepted?	engagement will be agreed by the Head of Internal Audit and the relevant client officer. Engagements will not be accepted if there is any actual or perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau.
Does the risk-based plan set out the respective priorities of audit work?	<p>Audit plans detail the work to be carried out and the estimated time requirement. The relative priority of each assignment will be considered before any subsequent changes are made to plans. Any significant changes to the plan will need to be discussed and agreed with the respective client officers (and reported to the audit committee).</p> <p>Work is currently ongoing to introduce flexible audit planning arrangements. As part of this exercise, we will be seeking to assign priorities to audit activities on an ongoing basis during the course of the relevant reporting period. Once complete, the new arrangements will remove this area of non-compliance.</p>
Are consulting engagements that have been accepted included in the risk-based plan?	Consulting engagements are commissioned and agreed separately.
Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	An approach to using other sources of assurance, where appropriate is currently being developed (see below).

4.0 External Assessment

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

An external assessment of Veritau internal audit working practices was last undertaken in November 2018 by the South West Audit Partnership (SWAP). SWAP is a not for profit public services company operating primarily in the south west of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau.

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number of senior client officers and Veritau auditors. The assessors also interviewed audit committee chairs.

A copy the external assessment report was reported to this committee on 30/01/2019.

The report concluded that Veritau internal audit activity generally conforms to the PSIAS⁵ and, overall, the findings were very positive. The feedback included comments that the internal audit service was highly valued by its member councils and other clients, and that services had continued to improve since the last external assessment in 2014.

5.0 Improvement Action Plan

The external assessment identified a number of areas for further consideration and possible improvement. An action plan was developed to address these areas. These actions have all been completed, other than one area (shown below) which remains in progress.

Recommendation	Current Position
<p>Whilst reliance may be placed on other sources of assurance, the self-assessment brought attention to the fact that there has not been an assurance mapping exercise to determine the approach to using other sources of assurance. Completion of such an exercise would ensure that work is coordinated with other assurance bodies and limited resources are not duplicating effort. (Attribute Standard 2050).</p>	<p>This work is in progress. Work has been undertaken over the last two years to identify other sources of assurance for each client. This exercise is ongoing, and more detailed actions have been incorporated into a longer term development strategy for Veritau internal audit services (see below).</p>

In 2020/21, the Quality Assurance group reviewed internal processes for the follow up of actions agreed during internal audit assignments. It found that follow up work is generally being undertaking routinely, and in line with

⁵ PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

expected procedures. In the majority of cases, actions raised in our reports are completed by the client and these actions address the issues originally raised.

Findings from follow up work are recorded on the Veritau internal audit management system. In most cases, sufficient evidence is held on the system to show that actions have been completed. However there are some cases where responses received from clients do not fully demonstrate that those actions have addressed the original findings. We also found that some improvements are needed to documenting and updating of information on the system. In particular, records were not always up to date, with some actions which had passed the agreed deadline remaining outstanding. This is partly due to the impact of Covid 19 – with a number of clients requesting an easing of follow up work during the pandemic. In 2021 we will review all outstanding actions, to bring details up to date. We will also be providing further training to the audit teams on documenting evidence to support the findings from follow up work.

In the last year, we have also recognised the need for a more fundamental review of internal audit practices within Veritau. While current arrangements meet the standards, the pace of change in local government and the wider public sector mean that we need to update aspects of the service to ensure it stays up to date and continues to deliver good value. We have therefore developed a three year strategy to help us improve the service. The strategy sets out the actions we will be taking within Veritau to modernise our practices, from April 2021. The five key areas we are focussing on are:

- increasing engagement across all clients
- further development of strategic planning frameworks
- redesign and modernisation of audit processes (for example flexible work planning and reducing the time to deliver findings)
- increasing investment in high value data analytics work
- introducing better measures of outcomes from audit work, to enable us to direct resources to areas of most value to our clients

6.0 Overall Conformance with PSIAS ***(Opinion of the Head of Internal Audit)***

Based on the results of the quality assurance process I consider that the service generally conforms to the Public Sector Internal Audit Standards, including the *Code of Ethics* and the *Standards*.

The guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards.

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COUNTER FRAUD ANNUAL REPORT 2020/21

Date: 27 July 2021

ANNEX 2



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Background

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Key performance
figures

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Analysis of
results

4



Covid-19

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Counter fraud management

5

Appendix A

Detailed Summary of Performance 2020/21

7



Daniel Clubb
Corporate Fraud Manager



Max Thomas
Head of Internal Audit

Circulation list: Audit & Governance Committee

BACKGROUND

- 1 Fraud is a significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. We employ qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to provide assurance to the Audit & Governance committee that the council has effective counter fraud arrangements in place.

KEY PERFORMANCE FIGURES

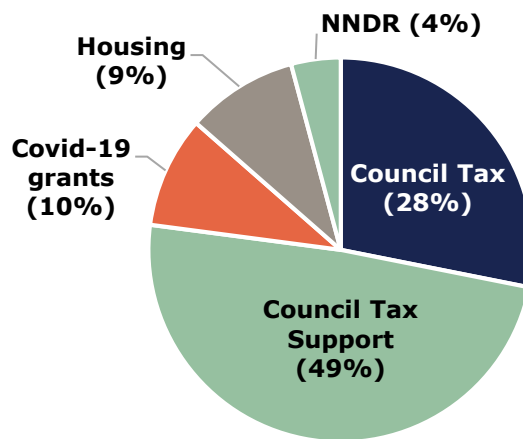
- 4 Over the last five years the fraud team helped the council make £114k of counter fraud savings. In 2020/21 the team achieved £12.6k against an annual target of £14k.
- 5 The team supported council colleagues by reviewing applications for Covid-19 related business grants in post payment checking exercises throughout the course of the year. In addition to the savings detailed above, incorrect payments of business grants totalling £30k were stopped.
- 6 The team received 96 referrals of suspected cases of fraud in the course of the financial year including reports from the public, council staff and external agencies. Twenty investigations were completed in 2020/21 with successful outcomes¹ achieved in 35% of cases.
- 7 One person received a caution for providing false information when applying for housing. In addition a warning was issued to a Covid-19 grant applicant for providing incorrect information when attempting to claim a payment.
- 8 A detailed summary of performance can be found in appendix A, below.

¹ Actual outcomes vary by case type but include, for example, benefits or discounts being stopped or amended, resolution of a dispute grant payment, sanctions, prosecutions, or management action taken.

ANALYSIS OF RESULTS

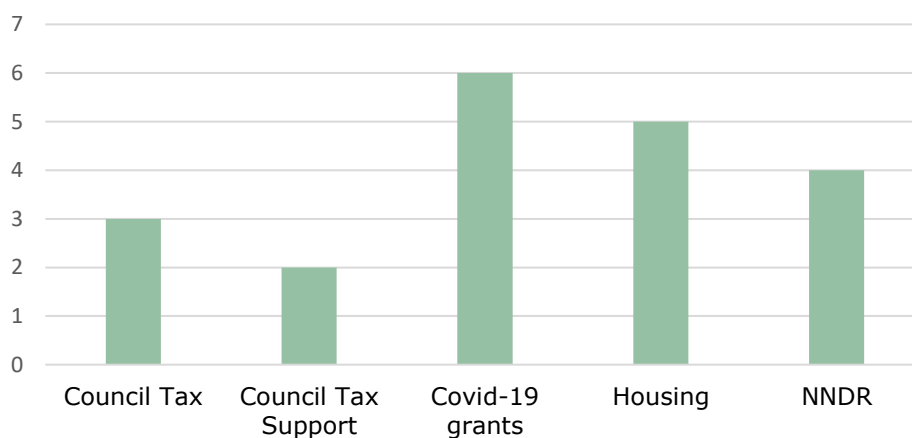
- 9 In 2020/21 there was a 16% drop in referrals compared to 2019/20. This is not as significant as experienced by some authorities in North Yorkshire and believed to be principally as a result of Covid-19 – for example less social interaction between members of the public may have resulted in less suspicions being raised. The figure below shows a breakdown of the referrals received grouped by fraud type.

Number of referrals by fraud type



- 10 The following chart illustrates the number of investigations completed by fraud type. The highest proportion of cases completed (30%) relate to suspicions of Covid-19 grant fraud. This highlights how resources were reprioritised to support the council’s Covid-19 response – primarily through supporting Covid grant administration.

Investigations completed by fraud type



COVID-19

- 11 The council has played a key role in distributing government grants to local businesses in 2020/21. It distributed approximately £17.6 million during the initial tranche of grants. This was a difficult task, with pressure to distribute grants quickly to provide essential support while keeping the risk of fraud to an acceptable level. The grant schemes have been targeted by criminals operating locally, nationally, and internationally. However, checking arrangements in place within the council, supported by the work of the counter fraud team, have helped to minimise and recover incorrect payments.
- 12 Veritau reviewed a sample of successful grant applications to assist the council in fulfilling government mandated post-payment assurance work. As a result of the council's robust checking arrangements, no issues were identified with the sample payments.
- 13 Potentially fraudulent claims for Covid-19 related grants were investigated by the counter fraud team in the course of the financial year. Six investigations were completed and a total of £30k of incorrect payments were blocked. A number of investigations are still ongoing.
- 14 The pandemic has negatively affected the team's normal operations. The team has been unable to undertake face to face interviews, and visits to people's homes due to Covid-19 restrictions. Alternative approaches have been found, including interviewing by letter.
- 15 Throughout the year the team provided advice on counter fraud measures to mitigate the risk of fraud when administering Covid-19 grant payments. This included guidance on the use of national data matching resources.
- 16 The counter fraud team has shared and received information relating to national scams by organised criminal gangs with government departments, national bodies, and regional partners.

COUNTER FRAUD MANAGEMENT

- 17 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council. In 2020/21 a new counter fraud strategy for the council was developed and the counter fraud policy was updated.
- 18 This year's council tax billing included a leaflet advising the public on how to report fraud if they have concerns. Any prosecution action taken by the council is publicised in order to deter others from committing similar offences.
- 19 Veritau contributes to national counter fraud publications. Data was provided for the annual CIPFA counter fraud tracker which documents fraud against local authorities. In addition, Veritau contributed to and supported development of the national counter fraud strategy for local authorities, Fighting Fraud and Corruption Locally, which was released in April 2020.

- 20 The counter fraud team ensures that the council meets its legal obligations surrounding counter fraud work. They manage work connected with the National Fraud Initiative, an exercise run by the Cabinet Office, in which council participation is mandatory. They also provide annual transparency data for publication by the council.
- 21 The counter fraud team's work was recognised in October when it was nominated as a finalist for Outstanding Team in the Tackling Economic Crime Awards.

APPENDIX A: COUNTER FRAUD ACTIVITY 2020/21

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2020/21.

	2020/21 (Actual: Full Yr)	2020/21 (Target: Full Yr)	2019/20 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£12,687	£14,000	£16,728
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	35%	30%	75%
Amount of savings from the prevention of Covid-19 grant fraud	£30,000	n/a	n/a

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Caseload figures for the period are:

	2020/21 (Full Year)	2019/20 (Full Year)
Referrals received	96	114
Number of cases under investigation	18 ²	11 ³
Number of investigations completed	20	24

² As at 31/3/2021

³ As at 31/3/2020

Summary of counter fraud activity

Activity	Work completed or in progress
Data matching	<p>The 2020/21 National Fraud Initiative (NFI) commenced in 2020. Data was gathered from a range of council areas, formatted, and securely sent to the Cabinet Office for data matching. Resulting matches have been released periodically from February 2021 onwards. Over 800 matches for the council have been released to date.</p> <p>In addition to traditional areas, the NFI has included data matching of Covid-19 grant data. This has enabled checks to be undertaken that were unavailable to local authorities previously, e.g. cross boundary data matching. Over 60 matches have been released.</p>
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity completed in 2020/21 includes the following:</p> <ul style="list-style-type: none"> • Covid-19 related fraud – The team completed six investigations into Covid-19 related grant fraud. A warning was issued to one applicant for trying to obtain a grant for a business that was not in operation. Incorrect payments totalling £20k were prevented as a result of investigative work. A further payment of £10k was also stopped as a result of the counter fraud team sharing intelligence about organised criminals running a national scam. • Council Tax fraud – Three cases were completed in this area. Almost £8k of fraud was identified and £4.9k of savings have been achieved through investigative work. • Council Tax Support fraud – No new fraud or error was detected, however, £6k of savings was achieved during the year as a result of previous work. • NNDR fraud – The team completed four NNDR investigations and £1.7k of savings was achieved. • Internal fraud – No internal fraud allegations were investigated in the last financial year.
Fraud management	<p>In 2020/21 a range of activity was undertaken to support the council’s counter fraud framework.</p> <ul style="list-style-type: none"> • The counter fraud team regularly alerts council departments to emerging local and national fraud threats.

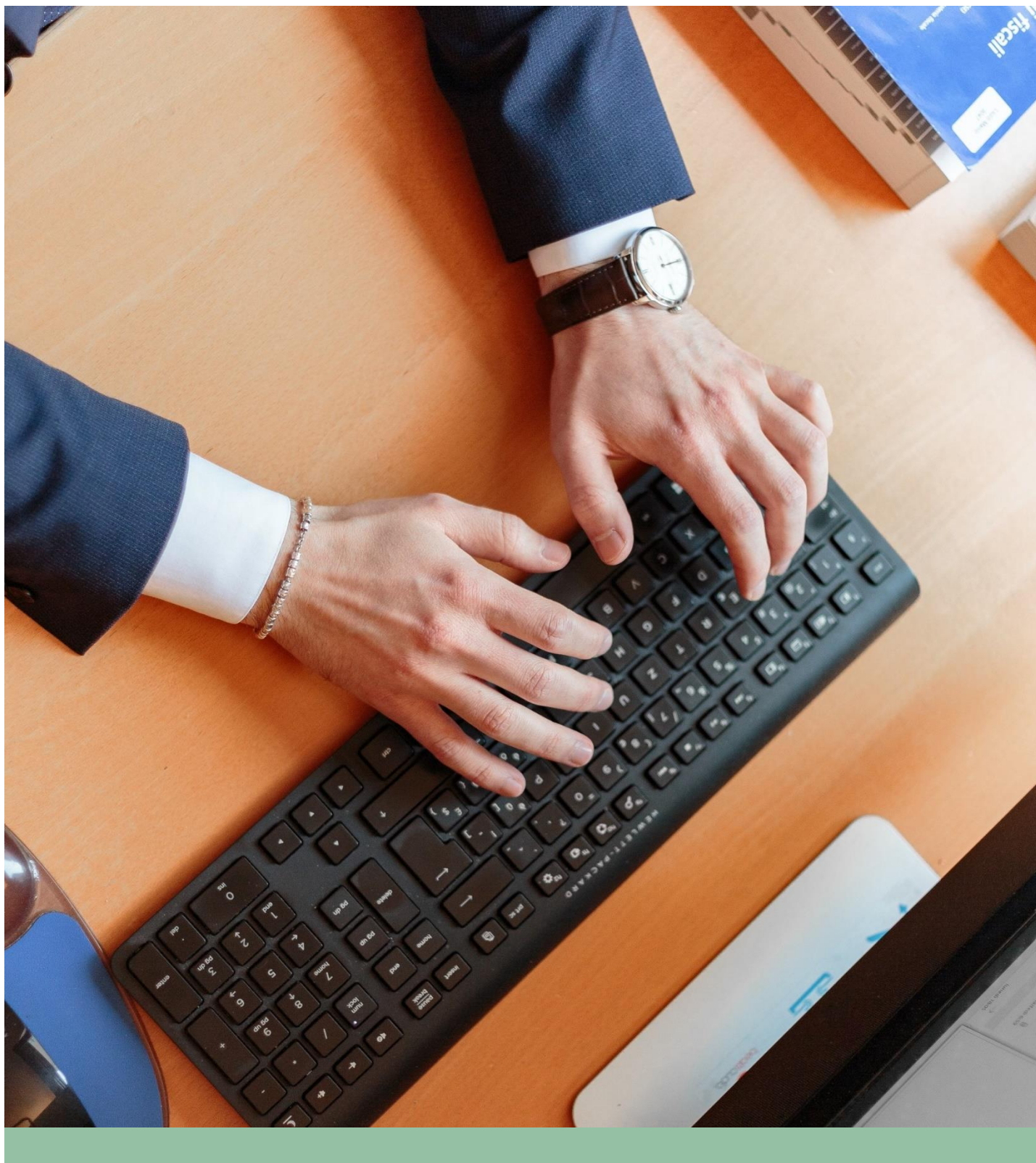
Activity	Work completed or in progress
	<ul style="list-style-type: none"> • In May 2020, the council's counter fraud transparency data was updated to include data on counter fraud performance in 2019/20, meeting the council's obligation under the Local Government Transparency Code 2015. • The council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in September 2020. The information contributed to CIPFA's annual report detailing the extent of fraud against local authorities. • Veritau's counter fraud team was nominated as a finalist for Outstanding Team in the Tackling Economic Crime Awards in October 2020. • In November 2020, the counter fraud team and the council's communications team worked together to raise awareness of fraud internally and with the public during International Fraud Awareness Week. • In February 2021, a leaflet was included in annual council tax billing making the public aware of how to report concerns of fraud to the council. • Throughout the Covid-19 pandemic, the counter fraud team has provided support to the council in preparing for and administering government funded grant schemes. This has included reviewing government guidance and advising on best practice.

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INFORMATION GOVERNANCE WORK PROGRAMME 2020/21

Date: 27 July 2021

ANNEX 3



CONTENTS

 Purpose of the report 3	 UK GDPR action plan update 3
 Covid-19 pandemic 4	 Training 5
 Information security incidents 5	 Subject access requests – internal reviews 5
 Data protection impact assessments 5	 Surveillance 6
 Law enforcement 6	



Kirsty Bewick
Information Governance Manager



Max Thomas
Head of Internal Audit

Circulation list: Members of the Audit and Governance Committee
Chief Executive
Chief Finance Officer (S151 Officer)

PURPOSE OF THE REPORT

- 1 To provide an update on Information Governance matters and developments in the Council's Information Governance arrangements and compliance with relevant legislation.
- 2 Information governance is the framework established for managing, recording, protecting, using and sharing information assets in order to support the efficient and effective delivery of services. The framework includes management structures, policies and processes, technical measures and action plans. It helps to ensure information is handled securely and correctly, and provides assurance to the public, partners and other stakeholders that the Council is complying with all statutory, regulatory and best practice requirements. Information is a key asset for the Council along with money, property and human resources, and must therefore be protected accordingly. Information governance is however the responsibility of all employees.
- 3 The Council must comply with relevant legislation, including:
 - The Data Protection Act 2018
 - The UK General Data Protection Regulation (UK GDPR)
 - Freedom of Information Act 2000
 - Environmental Information Regulations 2004
 - Regulation of Investigatory Powers Act 2000
- 4 In March 2018, the Council appointed Veritau to be its statutory Data Protection Officer (DPO).
- 5 The Corporate Information Governance Group (CIGG) is responsible for overseeing information governance within the Council. The group is chaired by the Head of Business Development and Improvement and provides overall direction and guidance on all information governance matters. CIGG also helps to support the Council's Senior Information Risk Owner (SIRO) to discharge her responsibilities. CIGG is currently coordinating the delivery of the UK GDPR action plan, which includes reviewing and updating the Council's information governance strategy and policy framework.

UK GDPR ACTION PLAN UPDATE

- 6 Progress on the 2020/21 action plan was reported to CIGG throughout the year. The action plan was updated as work was completed. A number of actions were identified as undeliverable during the year due to the impact of the Covid-19 pandemic on the Council. The decision was therefore made to defer these to the 2021/22 action plan. A new 2021/22 action plan has now been provided to the Council. This includes a detailed breakdown of actions required to achieve agreed deliverables.
- 7 A review of the Council's existing privacy notices was completed. The review identified a number of privacy notices which require updating or preparing. This will be done in conjunction with the review of the Council's Information Asset Register (IAR) which is taking place in 2021/22.

- 8 A number of new privacy notices were also progressed including those for Democratic Services and HR. Advice was given and amendments were made to other privacy notices throughout the year, as issues arose.
- 9 The Information Governance Policy framework was presented to CIGG in January 2021. Following this, the information security incident handling policy was published. The remaining policies are due to be published shortly.
- 10 A Special Category policy, required to satisfy Schedule 1, Part 4 of the Data Protection Act 2018, was presented to CIGG in January 2021. The policy was subsequently approved by CIGG in April 2021. This document lists the types of special category information the Council processes and their lawful basis to do so. The policy has now been published.
- 11 The Information Asset Register (IAR) was amended to reflect UK GDPR compliance needs and now includes columns for law enforcement processing. Outstanding IAR work was completed by HR with Veritau's support. A number of areas requiring limited amendments were actioned as part of other projects. Major outstanding areas include Legal, Housing and Environmental Health.
- 12 A gap analysis of the Council's Information Sharing Agreements (ISAs) was completed and a number of areas of concern identified. The areas to prioritise for immediate action have been agreed. Work is ongoing to establish what other ISAs and data processing contracts are held, or to obtain the relevant contracts. Actions to address gaps identified are included in the 2021/22 action plan.



COVID-19 PANDEMIC

- 13 As a result of the Covid-19 pandemic, Veritau produced a number of documents to support the Council to meet its UK GDPR and Data Protection obligations.
- 14 The Council worked with other members of the North Yorkshire Information Sharing Protocol group to put in place an overall Information Sharing Agreement (ISA) for Covid-19 related information sharing. A number of specific privacy notices were prepared and published, and the main Covid-19 privacy notice was also amended to include elements of Track & Trace processing.
- 15 A range of guidance documents was also provided to advise staff on secure home working, sharing employee personal data and the Council's obligations around statutory requests. Other ad-hoc advice was also given as required.



TRAINING

- 16 It was agreed at CIGG that training sessions will now be held online and in smaller groups. The training sessions to be delivered include Records Management, Data Protection Rights and Principles and a new session around Data Protection Impact Assessments. No sessions were held in 2020/21 due to the impact of the Covid-19 pandemic, but training will recommence as part of the 2021/22 action plan.



INFORMATION SECURITY INCIDENTS (DATA BREACHES)

- 17 Information Security Incidents have been reported to Veritau as required. The incidents are assessed, given a RAG rating and then investigated as required. Green incidents are unlikely to result in harm but indicate a breach of procedure or policy; Amber incidents represent actual disclosure, but harm is unlikely to be serious; and Red incidents are sufficiently serious to be considered for self-reporting to the ICO. Some incidents are categorised as 'white'. White incidents are where there has been a failure of security safeguards but no breach of confidentiality, integrity, or availability has actually taken place (i.e. the incident was a near miss).
- 18 The number of Security Incidents reported to the Council and Veritau in 2020/21 are as follows:

Year	Quarter	Red	Amber	Green	White	Total
2020/21	Q1	0	2	2	1	5
	Q2	0	1	0	2	3
	Q3	0	1	2	0	3
	Q4	0	2	4	1	7
	Total	0	6	8	4	18

- 19 A new information security incident process was approved by CIGG in June 2021. The new process will be used for all future incidents.



SUBJECT ACCESS REQUESTS - INTERNAL REVIEWS

- 20 Veritau provides advice on internal reviews relating to Subject Access Requests as required.



DATA PROTECTION IMPACT ASSESSMENTS

- 21 Veritau supported the Council in completing a number of DPIAs in 2020/21 as well as providing advice on whether a DPIA was required for other projects.

- 22 DPIAs completed include Pick Protect and Reform Canvass work. Advice on DPIAs has also been given for recording meetings and using biometric data.
- 23 A number of DPIAs are in progress which Veritau will continue to support. These include MyView and the Heritage Action Zone project. Following on from the Surveillance project (see below), a number of new DPIAs have been identified and will be progressed in 2021/22.

SURVEILLANCE

- 24 In early 2020/21, Veritau had a number of meetings with the Head of Communities, Partnerships and Customers (the designated Senior Responsible Officer with the Surveillance Camera Commissioner) and others to progress work on overt surveillance activities. The surveillance log was circulated and a gap analysis completed. This included the need to ensure all relevant DPIA's and ISAs were in place. This work is now complete.
- 25 Draft policy documents and privacy notices are also complete, and have been presented at CIGG for consultation.
- 26 Discussions also took place on other aspects of surveillance, including covert surveillance. To assist with this, Veritau conducted a review of the current RIPA (Regulation of Investigatory Powers Act) policy and provided general advice. The policy is currently being reviewed by Council officers. It has been agreed that all surveillance documentation will be presented to the Audit & Governance Committee for consideration once the documentation has been finalised.
- 27 Veritau has also supported the Council to collate relevant information for the Surveillance Camera Commissioner.

LAW ENFORCEMENT

- 28 An initial scoping exercise has been completed to ascertain which areas of the Council might be undertaking law enforcement processing, as governed by Part 3 of the Data Protection Act 2018. Areas were mapped out as far as possible and amendments to the Information Asset Register now reflect where law enforcement processing is taking place, linking back to the relevant legislation and/or enforcement policies.
- 29 Documents such as the new DPIA template and guidance were also drafted to include law enforcement considerations.
- 30 Privacy notices were reviewed with law enforcement in mind. It has been agreed that any changes to the notices will occur at the same time as any identified updates as noted in paragraph 7 above. The corporate privacy notice has been updated to include information about conditions for criminal offence data, enforcement investigations and prosecutions.
- 31 The Law Enforcement Policy, required for compliance with section 42 of the Data Protection Act 2018 to cover data processed under Part 3 of the Act

alone, was approved by CIGG in April 2021. The policy has now been published.

- 32 A virtual training course has also been designed although further work is being carried out to ensure that the course meets all the requirements of the Council. The intention is to make the course available later in 2021.

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Report Reference Number: A/21/4

To: Audit and Governance Committee
Date: 27 July 2021
Author: Connor Munro; Audit Manager – Veritau Group
Lead Officer: Karen Iveson; Chief Finance Officer

Title: Risk Management Annual Report 2020/21

Summary:

The report provides a summary of risk management activity in 2020/21 and proposed actions to be taken in 2021/22.

Recommendation:

Councillors note the risk management activity undertaken in 2020/21 and the proposed actions for 2021/22.

Reasons for Recommendation

To support the Audit and Governance Committee's responsibility for considering the effectiveness of the Council's risk management arrangements.

1. Introduction and Background

- 1.1 It is the responsibility of all service managers to identify and manage risks associated with the delivery of their services. Veritau provides support to this process by facilitating risk management activity and providing advice and training to officers and the committee.
- 1.2 This report summarises work undertaken by the Council in maintaining and improving its risk management framework during the year, and work done by Veritau to support this.

2. The Report

- 2.1 Over the past year, the following action has been taken to develop risk management activity and review current risks.
 - The risk management annual report 2019/20 was reported to the Audit and Governance Committee in July 2020.

- A summary of corporate risks was reported to the Audit and Governance Committee in July 2020 and January 2021.
- A review of the risk management strategy was completed and reported to the committee in January 2021.
- Officers have been reminded to update service based risk registers to ensure that they accurately reflect existing and emerging risks.
- Veritau has supported managers to review risks in their service areas, and to identify mitigating actions where necessary.

2.2 Further specific activity planned for 2021/22 includes the following:

- A health check review of the risk management framework. (This had originally been planned for 2020/21 but, in consultation with senior management, has been deferred to 2021/22 due to pressures created by the Council's response to the Covid-19 pandemic.)
- Annual review of the risk management strategy, and accompanying risk management guidance.
- Regular reporting of the corporate risk register to Extended Leadership Team and to Audit and Governance Committee.
- Continuation of risk drop-in and training sessions for officers and members.
- Ongoing support for the review and maintenance of service based risk registers.

3. Implications

3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

4.1 Overall, a number of actions have been taken in order to further facilitate and embed sound risk management processes within the Council. Work is planned for 2021/22 to develop this further.

5. Background Documents

Risk management strategy – revised January 2021

Contact Officer: **Connor Munro; Audit Manager – Veritau Group**

connor.munro@veritau.co.uk

Richard Smith; Deputy Head of Internal Audit - Veritau Group

richard.smith@veritau.co.uk



Report Reference Number: A/21/5

To: Audit and Governance Committee
Date: 27 July 2021
Author: Connor Munro; Audit Manager – Veritau Group
Lead Officer: Karen Iveson; Chief Finance Officer

Title: Corporate Risk Register 2021-22

Summary:

The report updates Councillors on movements within the Corporate Risk Register (Appendix A) for the Council, which was last reported to this committee in January 2021.

Recommendation:

Councillors note the current status of the corporate risk register.

Reasons for recommendation

The Audit and Governance Committee has responsibility for overseeing the implementation of an effective risk management framework and reviewing the effectiveness of risk management.

1. Introduction and background

1.1 This report updates Councillors on the actions taken by the Council to manage the corporate risks it faces.

2. The Report

2.1 Risks are recorded and reported through the Pentana Risk system. Appendix A shows details of the corporate risks currently included in the system. The following information is included:

- Title of the risk
- Risk description
- Individual risk scores

- Risk owner: identifies the officer responsible for monitoring the risk. This is a member of the Leadership Team
 - Causes of the risk identified
 - Consequences of the risk identified
 - Controls and mitigating actions in place: identifies the required management action and controls which have been put in place to manage the risk. In line with the Risk Management Strategy, only risks with a current score of 12 or over require a formal action plan
 - Original risk rating: identifies the risk level before any treatment
 - Current risk rating: identifies the level at which the risk has currently been assessed, based on the likelihood and impact
 - Target risk rating: identifies the risk level the Council is working towards
- 2.2 Responsibility for reviewing and updating the risk register lies with Council officers. Whilst Veritau facilitates the risk management process by offering challenge and support it retains its independence and objectivity as it is not part of the risk management process (i.e. it does not assess or score risks nor does it operate controls or implement mitigating actions).
- 2.3 For the risks identified on the Corporate Risk Register there are controls or mitigating actions in place to manage these risks which are, and need to be, closely monitored on an ongoing basis.
- 2.4 The risks were reviewed and updated by officers in June and July 2021.
- 2.5 As of July 2021, there are now 12 risks on the Council's Corporate Risk Register for 2021-2022, with Local Government Reorganisation (LGR) having been added in this update. The risk is considered high and has been given a score of 16. The risk describes the existential threat that LGR poses to the Council and the consequent impact on capacity, delivery, staff morale, and financial resources. It also describes actions that have been taken, or are planned, depending on the outcome.
- 2.6 With the inclusion of the LGR risk and the assessed reduction in risk relating to the economic environment (risk SDC_CRR_008), the Corporate Risk Register includes 4 risks with a score of 12 or more (high risk). This is the same as at the time of the January 2021 update. No other risk scores have changed.

3. Implications

- 3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

4.1 The risks on the Corporate Risk Register continue to be closely monitored and action plans have been developed, or are in the process of being developed, for all risks requiring active management.

5. Background Documents

Risk Management Strategy

Contact Officer: Connor Munro; Audit Manager – Veritau Group

connor.munro@veritau.co.uk

**Richard Smith; Deputy Head of Internal Audit -
Veritau Group**

richard.smith@veritau.co.uk




Appendices:

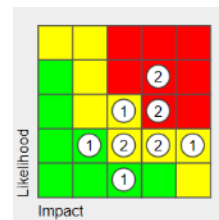
Appendix A – Corporate Risk Register, July 2021












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Selby District Council Corporate Risk Register 2021-2023


Overview: July 2021

Risk Status	
	High Risk
	Medium Risk
	Low Risk




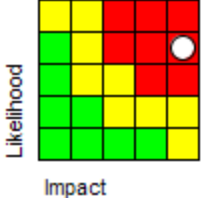
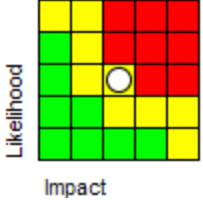
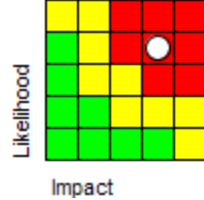
Status	Code	Previous Risk Score (January 2021)	Current Risk Score	Trend	Title
	SDC_CRR_018	-	16	-	Local Government Reorganisation
	SDC_CRR_003	16	16		Financial Resources
	SDC_CRR_000	12	12		Failure to deliver corporate priorities
	SDC_CRR_004	12	12		Organisational Capacity
	SDC_CRR_002	10	10		Health and Safety Compliance
	SDC_CRR_008	12	9		Economic Environment


Status	Code	Previous Risk Score (January 2021)	Current Risk Score	Trend	Title
	SDC_CRR_006	8	8		Managing Customer Expectations
	SDC_CRR_007	8	8		Fraud & Corruption
	SDC_CRR_014	6	6		Systems and Technology
	SDC_CRR_017	6	6		Managing Partnerships
	SDC_CRR_013	4	4		Information Governance/Data Protection
	SDC_CRR_001	3	3		Failure in corporate governance arrangements

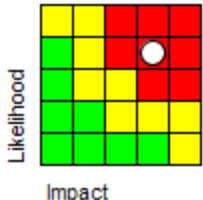
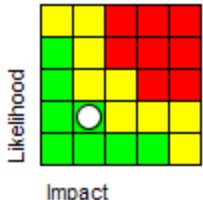
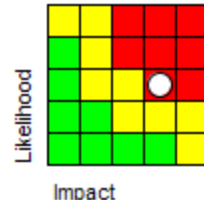
Status	Risk Score	Risk Title	Description		Risk Owner
	16	Local Government Reorganisation	Failure to deliver the council's priorities for the Selby district due to the potential reorganisation of local government across North Yorkshire and York		Head of Business Development and Improvement
Causes		<ul style="list-style-type: none"> • SDC voice not heard nationally or sub-regionally • Reduced staff capacity/reduced staff morale • Insufficient financial resources/resources not aligned to priorities • Lack of effective programme/project/performance management 	Consequences	<ul style="list-style-type: none"> • SDC ceases to exist and organisational priorities do not get delivered 	
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Express opposition to LGR - particularly at a time when resources are stretched in responding to the Covid 19 pandemic • Work with other NY districts to develop alternative proposals to ensure local government across NY & Y is balanced, equitable and maximises local representation • Monitor Government consultations on LGR proposals and continue to secure expressions of support from key stakeholders • Work with other districts - at senior levels - to ensure opportunities to influence outcomes beneficial to the Selby district are maximised • Carry out preparations for transitioning to any new unitary structure(s) in anticipation of a final govt decision. This will include engagement with the public, staff, key partners and the other NY districts. • Review the People Plan to increase support to staff - particularly around communications, engagement and skills - to ensure they are fully supported through the change process and in a position to take advantage of any opportunities presented by LGR • Review priorities in line with expected timescales of LGR and robust project and programme management to ensure council priorities are delivered • Update the MTFS to ensure financial resources are explicitly targeted at achieving priority outcomes in the time available • Engage effectively with any implementation process of whatever arrangements are finally determined by the Secretary of State • State in line with his timetable to ensure a reasonable balance of securing favourable new arrangements for residents of the district whilst ensuring core services and SDC short and medium term priorities are delivered • Review and prepare for specialist resources that may be required. 			


Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
<p>16</p>	<p>12</p>	<p>16</p>
Notes		Review Date
<p>NEW RISK</p> <p>A government decision on LGR is imminent. There is a significant risk that SDC will no longer exist beyond April 2023.</p> <p>We are working closely with district council colleagues at a senior level (officers and politicians) to ensure we are clear on the changes taking place and are influencing and lobbying on SDCs behalf.</p> <p>LGR has the potential to impact on staff morale - the People Plan has been re-focused to support staff through this significant change and we are increasing levels of staff engagement.</p> <p>LGR has the potential to impact on capacity - some key members of staff are already leaving although plans are in place to recruit. Furthermore, implementation of new arrangements will potentially take key staff away from the 'day job' - this will be managed and monitored carefully and backfilling arrangements put in place.</p> <p>LGR has the potential to impact on resources - we are not yet clear as to the expected costs of LGR for SDC but are currently reviewing and revising the MTFS to start to plan for this.</p> <p>LGR has the potential to impact on delivery - in addition to staff morale, capacity and resources - there is a significant impact on the time available to deliver council priorities. In the event of the expected decision there will be new local government arrangements, the subsequent Structural Changes Order - expected to be signed off by Parliament towards the end of this year - may have a bearing on how the council spends its money going forward. The MTFS is being refreshed in advance of this to ensure SDC has a clear plan around what money is to be spent on linked to the councils stated priorities in the Delivery Plan.</p>		<p>June 2021</p>

Status	Risk Score	Risk Title	Description	Risk Owner
	16	Financial Resources	The Council's financial position is not sustainable beyond 2021.	Chief Finance Officer
Causes Page 101		<ul style="list-style-type: none"> • Unforeseen financial pressures as a result of Covid-19 • Poor financial planning • Funding cuts/ Investment Strategy • Non-delivery of savings • Poor spending • Poor decisions • Partnership contract (goes awry) • Fair Funding Review (demonstrate why costs) • Over commitment (i.e. Northamptonshire) • Economic - high inflation/increased demand • Loss of control in service delivery • Political environment changes 	Consequences	<ul style="list-style-type: none"> • Unable to deliver its Corporate Plan ambitions and Statutory functions • Unable to meet financial commitments (long/medium/short term) • Unable to set a balanced budget as required by legislation. • Central Government intervention • Forced to make unplanned service reductions which impact on residents and businesses. • Significant reputational and political change.
		Controls or Mitigating Actions in Place	<ul style="list-style-type: none"> • Financial support provided by central government. • Long term financial strategies (GF & HRA) setting out high level resources and commitments and owned by Council members. • 3 year budget underpinned by reasonable assumptions (inflation, interest rates etc). • Effective in year budget management arrangements in place. • Savings plan approved with supporting delivery plans for each saving. • Programme for Growth resourced with supporting business cases and action plans. Investment decisions supported by robust whole life (at least 5 years) business cases. 	


Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
 <p>20</p>	 <p>9</p>	 <p>16</p>
Notes		Review Date
<p>No change to the risk score.</p> <p>A refreshed MTFs is scheduled for Executive early July and then on to Council for approval.</p> <p>Significant uncertainty overall financial outlook remains as a result of Covid (and Brexit) and longer term economic impacts along with delays to fairer funding review and business rates retention reform and withdrawal of New Homes Bonus. The situation is exacerbated in the prospect of LGR.</p> <p>Savings have largely been pushed out to 24/25 as capacity is diverted to on-going Covid issues and accelerated delivery of Council Plan.</p> <p>As noted at the last risk review, a number of service related risks are being monitored which include the impacts of Covid on leisure provision and income streams such as car parking and planning.</p> <p>Reserves strategy in place to bridge the gap in the short to medium term and enable a smooth transition to any new authority.</p>		<p>July 2021</p>

Status	Risk Score	Risk Title	Description	Risk Owner
	12	Failure to deliver corporate priorities	The Council fails to deliver its corporate priorities as set out and approved by Councillors.	Chief Executive
Causes		<ul style="list-style-type: none"> • Lack of prioritisation • Priorities not reflected in service plans • Windfalls re direct priorities • Political and/or external factors • Capacity/single point of failure • Lack of clarity over corporate priorities 	Consequences	<ul style="list-style-type: none"> • Poor performance - impacting on residents • Poor reputation - residents and partners • Political instability • Staff morale decreased • Missed opportunities for funding • Partnership not fulfilled
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • New Council Plan 2020/30 approved December 2019 • Clear priorities – cascaded via PDRs/1:1s • Shared with wider workforce via Staff Briefings • Corporate Comms Plan in place. • Delivery via service plans – currently being drafted by Heads of Service in conjunction with employees • Monitoring via Leadership Team as programme board • Executive oversight through quarterly corporate performance monitoring (also subject to quarterly Scrutiny) 		

Risk Assessments			
Original Risk Rating	Target Risk Rating	Current Risk Rating	
 <p>16</p>	 <p>4</p>	 <p>12</p>	
Notes			Review Date
<p>Risk assessment score remains the same Covid pandemic continues - although government lifting of restrictions is enabling return of many of those services previously limited by Covid. LGR is a significant risk to delivery of corporate priorities - see separate risk - due to potential impact on time and resources to deliver.</p>			June 2021


Status	Risk Score	Risk Title	Description	Risk Owner
	12	Organisational Capacity	Lack of organisational capacity and resilience to effectively deliver agreed outcomes and objectives for now and for the future.	Director of Corporate Services and Commissioning
Causes Page 104		<ul style="list-style-type: none"> • Loss of staff • Pay scales • Skills • Wrong structure • Succession planning • Motivation • Culture • Poor leadership • Ineffective management • Failure to prioritise 	Consequences	<ul style="list-style-type: none"> • Increased cost of delivery • High churn • Slowing pace • Loss of talent • Poor delivery of priorities • Impact on reputation • Political frustrations • Failure to deliver outcomes • Low resident satisfaction • Loss of confidence from partners and businesses • Staff stress and dissatisfaction • Poor services
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Organisational review resulting in the right people in the right posts doing the right things, doing them well and funded on a sustainable footing. • Working with partners to lever capacity and expertise – e.g. Better Together. • Utilising Programme for Growth to secure short/medium term capacity to deliver Council priorities – e.g. Economic Development function. • Assessment and review processes (e.g. Peer Challenge; Staff Survey; IIP Assessment) in place. • Organisational Development Strategy (People Plan) and Action Plan • Secure sufficient HR/OD capacity/resources to deliver. 		

Risk Assessments			
Original Risk Rating		Target Risk Rating	
16		8	
Notes			Review Date
<p>Risk score remains the same.</p> <p>Risks linked to Covid have reduced slightly:</p> <ul style="list-style-type: none"> Government restrictions linked to the Covid-pandemic are being lifted - final restrictions expected to be removed on 19 July. At end May, around two thirds of staff had received their first Covid vaccination and a quarter their second. Decision taken for staff who can to continue to work at home to end of Sept - with increasing flexibility to come into office once final government restrictions lifted. Over 80% of staff favour that approach. Staff sickness remains very low. Work on lockdown-related backlogs well underway. <p>However, LGR-related risks increase:</p> <ul style="list-style-type: none"> Government decision imminent - risk to morale Risk of staff leaving to secure more permanent roles. however, recruitment continues, e.g. property service restructure and key planning roles Risk to capacity of staff being required to work on LGR-implementation activities Focus of People Plan targeted to support staff through change (increasing engagement and core skills) <p>MTFS being reviewed/updated to ensure budgets targeted at priorities and required savings plans amended to ensure maximum staff resources over the next two years.</p>			June 2021


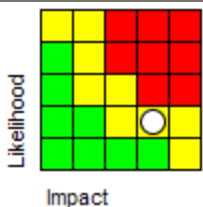
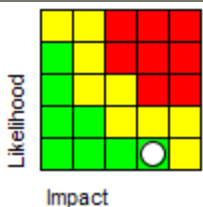
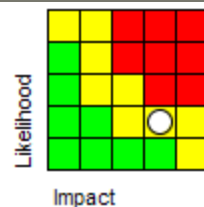
Status	Risk Score	Risk Title	Description	Risk Owner
	10	Health and Safety Compliance	Failure to comply with Health and safety legislation.	Head of Operational Services
Causes		<ul style="list-style-type: none"> • Incident involving a member of staff, visitor or member of the public • Incident involving council property or on council owned land. • HSE or third-party investigation. • Non-compliance with Health and Safety legislation. • Non-compliance with govt guidance for Covid secure 	Consequences	<ul style="list-style-type: none"> • Actual or potential injury or loss of life. • Environmental degradation. • Financial loss / impact on value of assets. • Reputational damage. • Covid outbreak / loss of staff and reputational damage
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Health and Safety Policy and Plan has been reviewed and is in place led by SDC experts with NYCC providing expertise to provide advice to Managers and ensure Health and Safety procedures are rigorous. • Health and safety due diligence assessment on service areas and contractors. • Public liability and property insurance. • Risk management system in place to manage equipment, contractors, property and environmental and health & safety risks. • Health and safety performance monitoring of Delivery Partners to ensure HS&E compliance. • Risk assessing, and then managing accordingly, every property and asset. • Statutory checks to ensure regulatory HS&E Compliance. • Event Safety Plan for all events managed by external consultants. • Covid Secure risk assessments for all Council operations are in place and certified Covid Secure 		
Risk Assessments				
Original Risk Rating		Target Risk Rating		Current Risk Rating
10		10		10
Notes				Review Date
Risk score remains the same				June 2021

Covid 19 pandemic continues. Comprehensive plans are in place in response to Covid 19 pandemic. Services and activities have been risk assessed and safe working practices put in place to protect staff and residents from the impact of Covid.

Service risk assessments are being reviewed as government restrictions are lifted and some resident facing services are brought back.

Status	Risk Score	Risk Title	Description	Risk Owner
	9	Economic Environment	Poor net economic growth.	Director of Economic Regeneration and Place
Causes	<ul style="list-style-type: none"> • Selby District has performed well across a range of economic measures in recent times including low unemployment, high skills levels, significant business investment and increased levels of employment. • However, the Covid-19 lockdown has had a significant and unprecedented impact on global, national, regional and the local economy and the full impact has yet to be realised. • The impact of leaving the EU is also a cause of uncertainty for businesses. 		Consequences	<ul style="list-style-type: none"> • Significant negative impact of Covid-19 lockdown on existing businesses in the district • Impact on reputation and willingness by business to engage • Inward investment reduces • Higher unemployment • Decrease in new employment opportunities • Potential negative impact on business rates income. • Increased demand for economic development and wider Council support services e.g. debt support • Increased demand for interventions to stimulate economic growth.
Controls or Mitigating Actions in Place	<ul style="list-style-type: none"> • Reviewed the Council Plan to ensure economic recovery is front and centre in the delivery priorities for the next 3 years – including a strong focus on key projects such as the Town Centre Action Plans, Selby Town HAZ, Selby Station TCF and district wider support for businesses. • Proactive engagement with YNY and LCR LEPs to influence economic growth programmes and the ensure Selby District priorities are captured in their respective Economic Recovery Plans. • Strong focus on Town Centre and High Street Recovery with clear Action Plans being developed for each centre and a bid made to the government’s Re-opening High Streets Safely Fund. • Appointed to vacant posts in the Economic Development & Regeneration service to allow the Council to take a proactive approach • Continued promotion of Selby District as being open for business and a great place to invest and locate. • Detailed engagement with key businesses to understand future challenges and opportunities to identify where the Council can provide additional support including proactive support with small business grants, Federation of Small Businesses Membership and a detailed survey of local businesses to shape where our interventions are most needed. • Engagement with key partners to influence investment programmes and decisions e.g. working jointly with NYCC and the YNY LEP to successfully bid to the governments ‘shovel ready’ programme to aide Covid recovery; helping to shape the draft YNY Devo Deal. 			

Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
<p style="text-align: center;">12</p>	<p style="text-align: center;">4</p>	<p style="text-align: center;">9</p>
Notes Covid restrictions are lifting, there is considerably greater economic activity but this is not uniform across all sectors, with town centre footfall not yet reaching pre-pandemic levels and some businesses affected by Covid and / or Brexit. However, the increases in employment have not reached the levels that were feared and there have been positives in terms of new shops opening. The demand for industrial space is particularly strong and there is considerable activity in business start ups, although this normally occurs in response to economic shocks. For these reasons, the risk level has been reduced slightly.		Review Date July 2021


Status	Risk Score	Risk Title	Description	Risk Owner
	8	Managing Customer Expectations	Inability to meet customers' demand for services.	Head of Business Development and Improvement; Chief Executive
Page 10	Causes	<ul style="list-style-type: none"> • Lack of clear standards/standards not being met • Staff not demonstrating core values/behaviours • Poorly trained staff/ineffective learning • Staff not empowered to take decisions • Ineffective front:back office processes • Lack of resources/resources not aligned to priorities • Poor services 	Consequences	<ul style="list-style-type: none"> • Poor customer satisfaction. • Quality and timeliness of service suffers. • Sustainability of service. • Increased customer complaints. • Impact on Elected Members.
	Controls or Mitigating Actions in Place	<ul style="list-style-type: none"> • Increase community delivery. • Channel shift to self-service. • Re-design services using quality data. • Develop structured multi-agency partnerships. • Right first time services to remove avoidable work. 		
Risk Assessments				
Original Risk Rating		Target Risk Rating		Current Risk Rating
 <p>Likelihood</p> <p>Impact</p> <p>8</p>		 <p>Likelihood</p> <p>Impact</p> <p>4</p>		 <p>Likelihood</p> <p>Impact</p> <p>8</p>
Notes				Review Date
Risk score remains the same				June 2021

Frontline customer service continues to be delivered successfully from home whilst government requires staff to work at home where possible. Online and telephony contact channels will operate from the Civic Centre once it is re-opened.

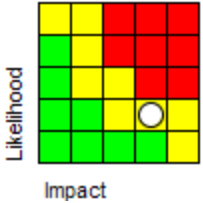
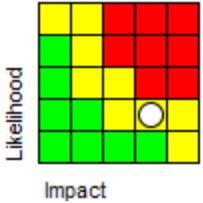
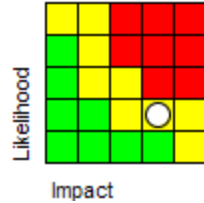
Significant communications support to customers continues to ensure customer expectations are managed.


Roll out of technology to support customer self service continues: e.g Scanstation introduced; implementation of Revenues & Benefits self service software underway although full rollout delayed due to Covid-19; website accessibility improvements completed with more in progress; new payments portal scheduled for July 2021; housing portal scheduled for late summer 2021.

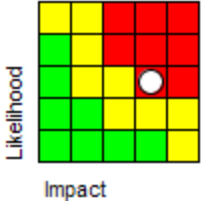
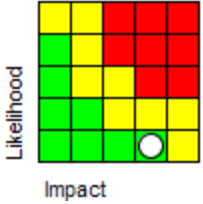
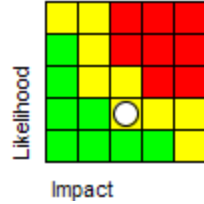
Complaints performance shows continuous improvement.

Status	Risk Score	Risk Title	Description	Risk Owner
	8	Fraud & Corruption	Incident of fraud and/or corruption occurs within the Council.	Chief Finance Officer
Causes		<ul style="list-style-type: none"> • Low staff morale • Debt (Individual) • Lack of vigilance by staff • System weakness - unknown • Failure to report changes • Incorrect information 	Consequences	<ul style="list-style-type: none"> • Financial and reputational loss • Potentially more fraud (gaps not closed)
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Counter fraud arrangements reviewed through annual self-assessment • Counter Fraud and Corruption Strategy and Policy to be reviewed regularly 		


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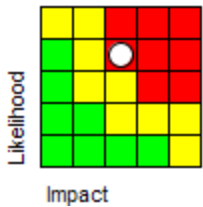
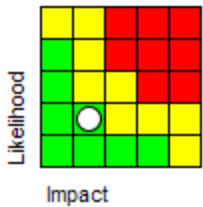
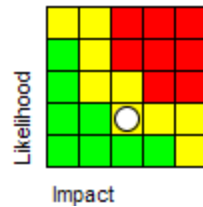
Risk Assessments			
Original Risk Rating	Target Risk Rating	Current Risk Rating	
 <p style="text-align: center;">8</p>	 <p style="text-align: center;">8</p>	 <p style="text-align: center;">8</p>	
Notes			Review Date
No change to the risk score is proposed.			July 2021

Status	Risk Score	Risk Title	Description	Risk Owner
	6	Systems and Technology	Lack of investment in the right technology and systems.	Head of Business Development and Improvement
Causes Page 113		<ul style="list-style-type: none"> • Failure to invest /keep up to date • Lack of knowledge to specify what we need • Fraud - internal theft of data or sabotage of system/data • Lack of training • Poor implementation • Policies not up to date • Not utilising fully 	Consequences	<ul style="list-style-type: none"> • System fails - cannot deliver (or less than optimal) • Fraud or financial impact • ICO action/fine • Wasted money/resources • Loss of critical data • Reputational damage and/or undefendable claims
	Controls or Mitigating Actions in Place	<ul style="list-style-type: none"> • Digital Strategy 2018/20 and Implementation Plan with focus on: • Digital customers – channel shift/self-service and meeting changing expectations • Digital workforce – using technology to transform how • Digital foundations – maintaining modern, secure systems and infrastructure and strengthening governance and resilience • IT investment - with 10 year plan - aligned to business needs and requirements (Digital Strategy). • Programme supported by clear business cases and benefit realisation reports. • Robust business continuity and disaster recovery arrangements. • Continue to maximise opportunities for partnership working – e.g. through Better Together - which will deliver on shared ICT resources. 		

Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
 <p>Likelihood</p> <p>Impact</p> <p>12</p>	 <p>Likelihood</p> <p>Impact</p> <p>4</p>	 <p>Likelihood</p> <p>Impact</p> <p>6</p>

Notes	Review Date
<p>Risk score unchanged</p> <p>BT arrangement with NYCC to provide IT infrastructure support renewed until June 2023.</p> <p>Microsoft 365 project almost complete - including extensive SharePoint and Teams training this month. Enhanced security - including more complicated passwords and use of biometrics rolled out this month.</p> <p>Continue to ensure we are on the most up to date versions of software.</p> <p>Shift to moving more services online continues, e.g. new online payment system scheduled for July, new housing portal in the autumn, e-billing for council tax next spring.</p>	<p>June 2021</p>

Status	Risk Score	Risk Title	Description	Risk Owner
	6	Managing Partnerships	Inability to influence strategic partnerships (e.g. health/ LEP/NYCC etc.).	Director of Economic Regeneration and Place
Causes Page 115		<ul style="list-style-type: none"> Poor relationship management Political buy in Performance Management Clarity of Purpose Commissioning/contract management Lack of Shared objectives Due Diligence Partnership governance 	Consequences <ul style="list-style-type: none"> Service Failure - quality of delivery Reputational Loss of Service Impact on customers/residents from lack of partnership resources Conflicting priorities Unable to gain additional resource/staff/funding Capacity - ventures Overspending Legal challenge and costs Conflicting governance Liability of additional cost/spend. 	
	Controls or Mitigating Actions in Place	<ul style="list-style-type: none"> Targeted work with key developers and investors. Close working with the LEP's to identify potential investment opportunities. Close involvement in shaping the demands within any Devolution deal. Re-structure to increase capacity in economic development, regeneration and partnerships. 		

Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
 <p>12</p>	 <p>4</p>	 <p>6</p>
Notes		Review Date
July 2021 update - assessment remains the same		July 2021

As a small council with big ambitions we rely on strong partnerships to enable us to deliver. The Council proactively works with key partners in a number of ways and is building up a growing reputation as an outward-looking and proactive organisation who delivers through working with others.

There is a partnerships policy in place and due for review this year. Successful partnerships are in place across a range of outcomes such as health, economic growth, housing, arts/culture/heritage etc.

The Covid-19 pandemic has really put to the test the strength of our partnership working but the foundations we have put in place over recent years have put us in good position to both respond to the immediate impacts of Covid-19 but to also positively lead the district's recovery. Some examples of this include:


- Selby Health Matters partnership with NYCC public health and Vale of York CCG has brought a wide range of health partners together over recent years to deliver better joint working. This enabled very strong joint working from the outset of the Covid-19 pandemic to ensure vulnerable people in the district were supported to access services, and support to roll out a mass vaccination site. NYCC and the Primary Care Networks are very positive about the strength of joint working in Selby District.
- We have developed very effective partnership working with Y&NY Local Enterprise Partnership as well as engaging well with WYCA to ensure Selby District's ambitions were properly captured in economic plans, and funding programmes. Our Head of Economic Development & Regeneration works for the York & north Yorkshire LEP for 1 day per week to embed strong joint working. This has enabled us to strongly shape the emerging Local Industrial Strategy and the York and North Yorkshire Devo Deal, which has now been submitted to government, to ensure Selby District's priorities are properly captured. This has also meant we have also played a lead role in shaping the Covid-19 economic recovery plan for Y&NY too to ensure it includes locally important priorities.
 - Culture, arts and the visitor economy has been particularly badly impacted by Covid-19 but needs to play a central role in local economic recovery and re-building community confidence and hope for the future. The multi-partner Selby 950 programme which was delivered in 2019 to celebrate the 950th anniversary of Selby Abbey has had glowing feedback from the Arts Council, and the National Heritage Lottery Fund who helped to fund it. This is opening-up opportunities for strengthened partnership working and additional partner funding into the district going forward. Our recently adopted Cultural Development Framework sets a clear path for working with sector partners to invest in skills development and events and activities. The Council have committed significant additional funding through its Programme for Growth to support this work over the coming years.
 - Selby District Council is also now a formal partner of the White Rose Forest Partnership, a 30 year initiative to increase tree canopy on the region as part of the Northern Forest initiative. This will enable the authority to consider a long term approach to tree planting, funding investment to support the low carbon agenda.

A noticeable risk at present is the potential for the North Yorkshire and York Local Government Review to impact on the pace of progress and the funding in which partners can invest in collaborative agendas.

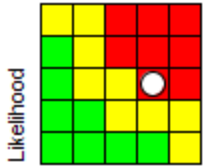
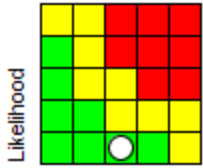
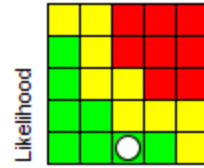
Status	Risk Score	Risk Title	Description	Risk Owner
✔	4	Information Governance/Data Protection	Non-compliance with the Freedom of Information and General Data Protection Regulation acts.	Chief Finance Officer
Causes		<ul style="list-style-type: none"> • ineffective and/out of date policies • staff not aware and/or trained • ineffective communication • lack of an Information Asset Register and associated roles and responsibilities 	Consequences	<ul style="list-style-type: none"> • Loss or inappropriate use of personal data and information • Damaged reputation • Financial penalty
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Information governance action plan delivered to agreed timescales, including - policies and systems in place; training provided to officers and members • Breaches recorded, monitored and followed up 		

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Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
<p style="text-align: center;">6</p>	<p style="text-align: center;">2</p>	<p style="text-align: center;">4</p>
Notes		Review Date
<p>No changes to risk score proposed.</p> <p>Arrangements in place but not yet reviewed by LT due to organisational capacity - to be taken forward in Q2 of 21/22</p>		July 2021

Status	Risk Score	Risk Title	Description	Risk Owner
	3	Failure in corporate governance arrangements	The Council's governance and transparency of decision making is not effective and does not align with the Council's required flexibility to adapt.	Solicitor to the Council
Causes		The changing agenda and drive towards commercialisation requires the council to be 'fleet of foot' which may impact the ability to be accountable and transparent and legally compliant.	Consequences	<ul style="list-style-type: none"> • Councillors and managers may make decisions outside their accountability. • The Council will be vulnerable to legal challenges and ombudsman complaints with attendant costs, consequences and reputational damage. • Budgets may be overspent and outcomes may not improve.
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Constitution reviewed regularly including rules on decision making, access to information rules, contract procedure rules and financial procedure rules. • Governance training programme delivered for management team 		

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Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
 <p style="text-align: center;">12</p>	 <p style="text-align: center;">3</p>	 <p style="text-align: center;">3</p>

Notes	Review Date
Further governance training need identified in managing major projects in Economic Development Team. LT decision to deliver mandatory training on decision making and relevant constitutional rules.	July 2021