

Minutes

Audit & Governance Committee

Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Wednesday, 25 January 2023
Time:	5.00 pm
Present:	Councillors K Arthur (Chair), G Ashton (Vice-Chair), J Mackman, K Franks and J Duggan
Officers present:	Karen Iveson (Chief Finance Officer), Suzan Harrington (Director of Corporate Services and Commissioning), Phil Hiscott (Strategic Asset Management and Property Services Manager), Ed Martin (Audit Manager, Veritau), Daniel Clubb (Counter Fraud Manager, Veritau), Andy Nutting (Audit Manager, Veritau); and Dawn Drury (Democratic Services Officer)
Others present:	Councillor C Lunn (Lead Executive Member for Finance and Resources)

24 APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor N Reader.

25 DISCLOSURES OF INTEREST

There were no declarations of interest.

26 MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 26 October 2022.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 26 October 2022.

27 AUDIT ACTION LOG

The Committee reviewed the Audit Action Log. It was noted that responses to the four actions raised during the meeting on the 26 October 2022 in relation to current PDR completion figures, the accuracy of stage 1 corporate complaints data, the accuracy of some of the figures contained within the Statement of Accounts; and a breakdown of monies recovered versus officer time for the Counter Fraud work had been circulated to Members, therefore all the actions were complete.

RESOLVED:

To note the Audit Action Log.

28 AUDIT AND GOVERNANCE WORK PROGRAMME

Members were informed that two amendments had been made to the work programme contained within the agenda pack with the approval of the Chair.

It was confirmed that one additional meeting of the Committee had been added to the Committee Calendar on Wednesday 29 March 2023; and that the Information Requests Annual Report 2022 which should have come to this Committee had been incorporated into the Internal Audit, Counter Fraud and Information Governance Annual Reports and would be presented to Committee at the meeting in March 2023.

RESOLVED:

To note the Work Programme.

29 EXTERNAL AUDIT ANNUAL REPORT (A/22/12) - APPENDIX A TO FOLLOW

The Manager, Mazars LLP presented the report and highlighted that the Auditor's Annual Report summarised the external audit work undertaken for the year ended 31 March 2022.

The Committee heard that the external auditor had issued an unqualified opinion on the financial statements of the Council on the 30 November 2022, and in respect of the Council's value for money arrangements this work had now been completed, and Members were pleased to note that no significant weaknesses had been identified.

Members were informed that the National Audit Office (NAO) required Mazar's to complete the Whole of Government Accounts Assurance Statement in respect of its consolidation data. Due to a delay in the provision of instructions by the NAO, this return had not yet been submitted, however once the instructions were received the work would be completed.

In terms of the external auditor fees which had been set out in the Audit Strategy Memorandum, it was confirmed that the audit fee in respect of

2021-22 had not increased.

Members praised the finance team for their work and queried if the audit fees for 2022-23 would rise, the Chief Finance Officer confirmed that there would be an increase in the audit fees for 2022-23. The Officer explained that Mazars had been appointed as the external auditors for the new North Yorkshire Council, which was seen as a positive way forward as there would already be an existing working relationship in place.

In response to a query regarding the Housing Revenue Account and why the savings target had not been achieved, the Chief Finance Officer stated that the saving target had been based on full implementation of the housing management system. The implementation had experienced some challenges and had consequently been delayed, however the final phase of implementation was expected in quarter 4 of the financial year.

RESOLVED:

To note the report.

30 INTERNAL AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE PROGRESS REPORT (A/22/13)

The Audit Manager, Veritau presented the report which provided the Committee with an update on the delivery of the internal audit work plan for 2022-23, along with an update on the counter fraud and information governance work undertaken to date in 2022-23.

Member's attention was drawn to Annex 1 of the agenda pack which detailed the audit work finalised to date, and it was noted that five audit reports had been finalised since the last report to Committee in October 2022.

In terms of the overdue high priority action Performance Management, the Committee were informed that since the prioritisation of Personal Development Reviews (PDRs) communications had been issued to all managers and staff, and completion rates had been monitored closely by the Leadership Team with the result that at the 9 January 2023, the completion rate for PDRs had risen to 92%.

Members acknowledged the improvement made in the completion rate of PDRs and queried the completion rate for the Information Governance (IG) training, the Chief Finance Officer confirmed that the completion rate for IG training stood at 92%.

The Counter Fraud Manager, Veritau presented the section of the report related to the Council's counter fraud activity 2022-23, which provided an update on the reports of fraud and investigative activity to date, along with details of recent fraud awareness activities.

As had been highlighted at Committee in October 2022, Members were

reminded that an e-learning package for employees had been produced for all the Councils involved in local government reorganisation in North Yorkshire (LGR), this had raised awareness of the increased risk, and focused on threats that may be experienced before and after the new Council was formed. The package had been available for all staff on the Council's e-learning portal from September 2022.

The Committee heard that the counter fraud team had delivered a number of fraud awareness campaigns for Council staff, the first campaign in October 2022 was timed during cybersecurity awareness month and focussed on mandate fraud. This was followed by a general fraud awareness campaign for officers which took place during International Fraud Awareness Week in November 2022, and finally, a campaign to raise awareness of the council's anti-bribery and anti-money laundering policies took place in December 2022.

Members were informed that data had been submitted from a number of the Council's services to the newly formed Public Sector Fraud Authority for the National Fraud Initiative exercise for 2022-23; outputs from this national matching exercise would start to be released in February 2023.

In terms of investigative work, Members heard that a total of 88 referrals of suspected fraud had been received from Council staff and members of the public, with a number of cases still ongoing; as a result of this work the Council had achieved savings of £17.1k to date.

The officer highlighted that Covid grant investigations had begun to draw gradually to an end, with the focus now on the recovery of incorrectly obtained grants where debts were still outstanding and required re-paying to the authority.

The Committee queried if the investigations into the suspected cases of fraud which were still ongoing would have been completed before Selby District Council ceased to exist in April 2023. The Officer advised Members that some cases would have been concluded, however some investigations would still be ongoing and may require additional work to bring them to a conclusion, however this work would continue past vesting day and into the new North Yorkshire Council therefore, there would be no break in the audit services provided.

A Member queried what length of time in counter fraud man hours were needed for each investigation of suspected fraud, it was confirmed that there were a number of factors which made it very difficult to quantify as some cases were passed to other agencies, some referrals were not investigated, and some cases were not dealt with in consecutive working hours.

The Information Governance Manager, Veritau drew the Committee's attention to annex 3 of the report which provided an update on Information Governance matters, developments in the Council's Information Governance arrangements and compliance with relevant

legislation.

Members noted that due to LGR the Corporate Information Governance Group (CIGG) had agreed that no new actions would be included in the 2022-23 IG action plan and instead work would focus on the priority outstanding actions required to make the Council compliant with UK GDPR and the Data Protection Act 2018. Therefore, the key areas of focus were on completing the review of the Council's Privacy Notices and Information Asset Register, and ensuring all staff completed the Data Protection training.

The Committee were advised that a review of the consistency of district council privacy notices had begun in November 2022 and that once this work had been completed the same process would apply to the Information Asset Registers, this was to ensure alignment across the North Yorkshire district ahead of vesting day on 31 March 2023.

In terms of training, the Committee heard that 92% of Council staff had completed the mandatory Information Governance training and it was highlighted that this was very close to the target as some staff were on maternity leave or long-term sick leave. Training on Information Incident Management had also been delivered to sixty members of staff over three training sessions in November 2022, and it was noted that the LGR IG workstream were producing a short, recorded webinar of that training which would be available for staff to undertake.

RESOLVED:

To note the progress made on the delivery of internal audit, counter fraud and information governance work.

31 CORPORATE RISK REGISTER 2022-23 (A/22/14)

The Committee received the report, presented by the Audit Manager, Veritau who explained that this report contained the twice-yearly update on movements within the Corporate Risk Register, which was last reported to the Committee in July 2022.

Members noted that the Leadership Team had collectively reviewed and re-assessed each of the Council's current risks in January 2023.

The Committee was informed that there was a total of 12 risks on the Council's Corporate Risk Register for 2022-2023, with no new risks being added. It was highlighted that the Corporate Risk Register included five risks with a score of 12 or more (high risk), this had increased by one since the Corporate Risk Register was last reported to committee in July 2022. It was confirmed that this was a result of the 'Economic Environment' risk having moved from a score of 9 to 12 due to high inflation and energy costs, as well as continued challenges accessing labour supply, all of which threatened investor and consumer confidence.

Members heard that the 'Local Government Reorganisation' (LGR) risk

remained the most significant risk faced by the Council, with a score of 20, unchanged from the previous assessment. It was explained that this was due to the work required to be undertaken by the Council as part of the transition, and the uncertainty associated with LGR continued to create significant capacity challenges.

Finally, the 'Managing Partnerships' risk had increased from a score of 6 to 9 due to the proximity of vesting date, and the challenge of successfully bringing existing arrangements into the new North Yorkshire Council (NYC). Members were informed that Council officers from Selby represented Selby District Council on the LGR Strategic Risk Management Group and had provided input into the new NYC Corporate Risk Register.

In terms of mandatory staff training a Councillor queried what percentage of staff had completed the mandatory health and safety training, and as a risk had been identified around the lack of a fire warden for the Civic Centre building, had this risk been addressed. The officer was unable to provide an answer to the queries but stated that he would speak with the officers concerned and circulate the information to the Committee.

One Member raised concerns and asked a number of questions in relation to the five risks which had been identified as high risk on the register and what he considered to be a failure to control those risks. Another Member commented that the report was very clear, that most of the risks were factors outside officer's control and that officers had acknowledged and identified the risks and put in place the necessary mitigating actions to plan for unforeseen circumstances.

The Chief Finance Officer confirmed that there were mitigating actions in place for the financial challenges which faced the Council, however circumstances changed on a regular basis and therefore the risks did not diminish. It was further confirmed that despite the challenges and pressures such as high inflation, energy costs, the impact of Covid-19 on income streams, the Council continued to perform and be financially sustainable.

In response to a query regarding the 'Economic Environment' risk and why leaving the European Union would present a risk to Selby, it was confirmed that there were businesses within the Selby district who operated in the European Union and the wider world, which presented a potential risk around uncertainty in trading conditions which could impact on those businesses and then on the local economy.

Discussion took place regarding inflationary pressure, wage growth, fluctuations in interest rates, the cost of living crisis and the Councils investment income. Members were informed that the risks were all covered in the wider economic environment and had been analysed and assessed, and controls implemented to reduce the impact of the risk.

RESOLVED:

Audit & Governance Committee – Minutes
Wednesday, 25 January 2023

To note the status of the Corporate Risk Register.

32 REVIEW OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2021-22 (A/22/15)

The Committee received the report presented by the Chief Finance Officer, which asked Members to note progress on the Annual Governance Statement (AGS) 2021-22 Action Plan which had been approved by the Committee in October 2022.

It was highlighted that one action relating to Performance Management had been on the action plan for a period of over one year and had been given revised dates to be actioned by.

As the Committee had heard during an earlier agenda item, significant progress against the approved action plan had been made, with Performance Development Review (PDR) completion rates now at 92%, with actions in place to encourage the remaining outstanding PDRs to be completed.

In response to a query from the Chairman regarding the reason why a 100% completion rate had not been attained for the mandatory training, the Chief Finance Officer explained that some staff members were on maternity leave or long-term sick leave, with one or two other members of staff not having completed the training due to capacity within teams.

RESOLVED:

To note the progress against the Action Plan for the Annual Governance Statement 2021-22.

33 PRIVATE SESSION

It was proposed, and seconded, that the Committee sit in private session due to the nature of the business to be transacted.

RESOLVED:

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted the meeting be not open to the press and public during discussion of the following items as there will be disclosure of exempt information as described in paragraph 3 of Schedule 12(A) of the Act.

34 CONSIDERATION OF INTERNAL AUDIT REPORTS (A/22/16)

The Audit Manager, Veritau presented the report, which advised that an audit had been completed on 17 January 2023 and the overall opinion was that the controls within the system only provided "Limited Assurance". As such, the findings had been brought to the Committee for presentation and discussion.

Members noted that actions had been agreed which were appropriate to address the risks identified and proportionate in view of Local Government Reorganisation.

The Committee asked a number of questions in relation to the audit, and it was confirmed that the service was working with Veritau to collate all the information that was currently held for the department in what would become a central blueprint; this in turn would support the ongoing work with the new information technology (IT) system currently being implemented.

Members were assured that appropriate action was being taken.

RESOLVED:

To note the report.

The meeting closed at 6.27 pm.