



Meeting: **AUDIT & GOVERNANCE COMMITTEE**  
Date: **WEDNESDAY, 25 JANUARY 2023**  
Time: **5.00 PM**  
Venue: **COUNCIL CHAMBER - CIVIC CENTRE, DONCASTER ROAD, SELBY, YO8 9FT**  
To: **Councillors K Arthur (Chair), G Ashton (Vice-Chair), A Lee, J Mackman, K Franks, J Duggan and N Reader**

## 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](http://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 - 10)

To confirm as a correct record the minutes of the Audit and Governance Committee held on 26 October 2022.

### 4. Audit Action Log (Pages 11 - 12)

To review the Audit Action Log.

### 5. Audit and Governance Work Programme (Pages 13 - 16)

To note the current Work Programme and consider any amendments.

**6. External Audit Annual Report (A/22/12) - APPENDIX A TO FOLLOW (Pages 17 - 18)**

To receive the report, which asks the Committee to consider the External Auditor's Annual Report 2022.

**7. Internal Audit, Counter Fraud & Information Governance Progress Report (A/22/13) (Pages 19 - 42)**

To receive the report, which asks the Committee to note the progress on delivery of internal audit, counter fraud and information governance work, and the plans for work to be completed.

**8. Corporate Risk Register 2022-23 (A/22/14) (Pages 43 - 68)**

To receive the report, which asks the Committee to note the current status of the corporate risk register.

**9. Review of Annual Governance Statement Action Plan 2021-22 (A/22/15) (Pages 69 - 72)**

Members are asked to note progress against the Action Plan for the Annual Governance Statement for 2021-22.

**10. Private Session**

**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 defined in paragraph 3 of Schedule 12(A) of the Act.**

**11. Consideration of Internal Audit Reports (A/22/16) (Pages 73 - 86)**

To consider the Internal Audit report as outlined.

*Janet Waggott*

**Janet Waggott, Chief Executive**

**Date of next meeting (5.00pm)**

Wednesday, 29 March 2023

Enquiries relating to this agenda, please contact Dawn Drury on 01757 292065  
ddrury@selby.gov.uk.

### **Recording at Council Meetings**

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 must contact the Democratic Services Officer on the above details prior to the start of the meeting. Any recording must be conducted openly and not in secret.

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## Minutes

### Audit & Governance Committee

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Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Wednesday, 26 October 2022
Time:	5.00 pm
Present:	Councillors K Arthur (Chair), G Ashton (Vice-Chair), A Lee, J Mackman, K Franks and N Reader
Officers present:	Christopher Chapman (Accountant), James Collins (Partner, Mazars LLP), Abi Medic (Audit Manager, Mazars LLP), Daniel Clubb (Counter Fraud Manager, Veritau); and Dawn Drury (Democratic Services Officer)
Officers present remotely, via Teams	Karen Iveson (Chief Finance Officer), Peter Williams (Head of Finance), Alison Hartley (Solicitor to the Council and Monitoring Officer) (to agenda item 9), Suzan Harrington (Director of Corporate Services and Commissioning), Phil Jeffrey (Assistant Director, Audit Assurance, Veritau); and Kirsty Bewick (Information Governance Manager, Veritau)
Others present:	Councillor T Grogan (Lead Executive Member for Health and Culture)

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#### **11 APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Councillor J Duggan.

#### **12 DISCLOSURES OF INTEREST**

Councillor K Arthur declared a personal interest in agenda item 10 – Statement of Accounts 2021-22, as he was the representative for North Yorkshire County Council on the board of Selby District Association of Voluntary Service (AVS); the organisation had received a grant from Selby District Council.

Councillor J Mackman declared a non-pecuniary interest in agenda item

10 – Statement of Accounts 2021-22, as he was the Chairman of the Selby District Housing Trust (SDHT).

### **13 MINUTES**

The Committee considered the minutes of the Audit and Governance Committee meeting held on 27 July 2022.

**RESOLVED:**

**To approve the minutes of the Audit and Governance Committee meeting held on 27 July 2022.**

### **14 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE**

Members heard that the Chairman and the Chief Finance Officer would be attending a meeting with the North Yorkshire County Council's Audit Committee on the 3 November 2022, to discuss financial governance matters given the requirement for the authorisation of the district and borough accounts for 2202-23, by Selby District Council's Audit and Governance Committee.

### **15 AUDIT ACTION LOG**

The Committee reviewed the Audit Action Log. It was noted that a response to the questions in relation to Performance and Development Reviews (PDR's) had been circulated to Members, therefore the action was complete.

As part of that response, Members had been informed that officer PDR completion rates for the first five months of 2022-23 had stood at 5%, it was requested that the most recent completion figures be provided to the Committee.

**RESOLVED:**

- i. To note the Audit Action Log.**
- ii. To ask officers to circulate the current PDR completion rates to Members.**

### **16 AUDIT AND GOVERNANCE WORK PROGRAMME**

The Committee considered the current Audit and Governance Work Programme.

**RESOLVED:**

**To note the Work Programme.**

### **17 APPLICATIONS FOR USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000: OCT 2021- OCT 2022 (RIPA) (A/22/6)**

The Committee received the report, presented by the Solicitor to the Audit & Governance Committee – Minutes

Council who explained that the Council had a duty under the Regulation of Investigatory Powers Act (RIPA) 2000 to demonstrate how requests for covert directed surveillance activities were determined and recorded.

Members noted that following an inspection by the Investigatory Powers Commissioner (IPCO) in 2021, a revised RIPA Policy had been approved and taken effect from 1 October 2021. In accordance with the IPCO recommendations the policy now included reference to reviewing the RIPA policy and reporting of use or non-use of RIPA authorisations to the Audit and Governance Committee annually.

Members noted that there had been no applications for authorisations of the use of covert surveillance, pursuant to the Regulation of Investigatory Powers Act 2000, between the 1 October 2021 and the 1 October 2022.

**RESOLVED:**

**To note the report.**

**18 CORPORATE COMPLAINTS & COMPLIMENTS ANNUAL REPORT, APRIL 2021 - MARCH 2022 AND LOCAL AUTHORITY OMBUDSMAN ANNUAL REVIEW LETTER 2022 (A/22/7)**

The Committee received the report, presented by the Solicitor to the Council who explained that the Corporate Complaints and Compliments Annual report was an opportunity to inform Members on individual service area improvement within the Council. It was further explained that the Local Authority Ombudsman was the final stage for corporate complaints made against Local Authorities

The Committee heard that for the year 2021-22 there had been an increase in the number of complaints escalated to the Ombudsman, however of those 12 complaints only 2 had been investigated, and neither complaint made against the Council had been upheld. Therefore, Members noted that the LGO had reported a nil return for complaints upheld for Selby District Council in 2021-22.

The Lead Member for Health and Culture praised the Solicitor to the Council and reminded her of the comments made regarding the Corporate Complaints item at the Audit Committee held in September 2021. The Solicitor to the Council had stated at that meeting that the Council learned valuable lessons from the complaints received, this remark had been correct, as proved by the 100% record for 2021-22.

In relation to complaints from the local Member of Parliament (MP) which were dealt with separately to the Council's complaint procedure, it was confirmed that these complaints came in from the MP, but were made on behalf of their constituents.

Members queried why a large number of the complaints received were attributed to the planning service area, the Solicitor to the Council explained that this was not unusual for a local authority. The Committee

were informed that the LGO provided training courses specifically for this service area, and that it would be recommended to North Yorkshire Council that planning officers attend any relevant LGO training available.

Members queried the accuracy of the figures for the stage 1 corporate complaints data provided for the contracts service area, which was identical for the years of 2020-21 and 2021-22. The Solicitor to the Council was unable to provide an answer to the question but stated that she would speak with the officers concerned and circulate the information to the Committee.

**RESOLVED:**

**To note the Corporate Complaints and Compliments Annual Report and the Local Authority Ombudsman Annual Review Letter 2022.**

**19 EXTERNAL AUDIT COMPLETION REPORT 2021-22 (A/22/8) - APPENDIX A TO FOLLOW**

The Partner, Mazars LLP presented the report and explained that it set out a summary of the external audit conclusions for 2021-22.

The Committee heard that the external audit was still ongoing, however it was anticipated that an unqualified opinion, without modification, would be given on the financial statements; and that work was yet to be completed in respect of the Council's value for money arrangements, and that this would be reported to Members in the Auditors Annual Report in January 2023.

The Audit Manager, Mazars LLP highlighted that the Covid payments and Housing Revenue Account audits were now complete, however the work in relation to the year end value for Selby Business Centre, capital commitments, earmarked reserves and long-term investment balances remained ongoing. In terms of the audit of pensions, to date the assurance letter that had been requested from the pension fund auditor had not been received.

The Committee noted that in relation to the significant risks identified at section 4 of the report in terms of the valuation of property, plant and equipment (PPE), the net defined benefit liability valuation, the management override of controls, and NNDR appeals provision, additional procedures had been carried out; it was confirmed that the work had not identified any matters to bring to the attention of Members.

At section 5 of the report, the Committees attention was drawn to errors which had been identified in 2020-21 following reconciliation of the fixed asset register to the statement of accounts, and it was confirmed that for the year 2021-22 no such discrepancies had been identified. It was further confirmed that a series of capital contracts, which at the time of the audit had not been signed, between Engie and the Council, had since been signed on 16 September 2022.



Finally, Members heard that an error had been identified in PPE under Council Dwellings, in year property additions had been recorded at cost when the value should have been reduced by the 41% social housing factor, to reflect the property in use as social housing.

**RESOLVED:**

**To note the report.**

**20 STATEMENT OF ACCOUNTS 2021-22 (A/22/9)**

The Committee received the Statement of Accounts, presented by the Chief Finance Officer, which enabled Members to undertake an examination of the Council's financial accounts for the financial year 2021-22.

It was explained that the audit was still to be concluded as there were two significant matters outstanding, as Members had heard featured in the External Auditors Completion Report. It was further explained that two minor amendments had been made as part of the ongoing external audit, however both corrections were purely presentational in nature; and a change to the recommendation had been made to the report within the agenda pack.

Members heard that the two elements outstanding related to the current valuation of Selby Business Centre and Council Disclosures around Capital Commitments under Contract. The assurance letter from the North Yorkshire Pension Fund auditors also remained outstanding, however it had been indicated that this would be received in November 2022.

In respect of the year end value of Selby Business Centre, the Committee noted that an updated valuation of the site had recently been performed, this had led to a revaluation of the asset to £1.11m, a proposed impairment of the asset in year of £1.56m; the audit work to verify the updated value remained ongoing.

Members noted that with regards to Note 14. Commitments under Capital Contracts, the note currently showed £17.5m for modernisations to HRA land & buildings, this figure represented the amount budgeted by the Council for the coming three years for these schemes. As at 31 March 2022 £632k of this amount was subject to committed agreements with suppliers, but with no formal value attached to the contract in terms of committed spend. Ongoing discussions were taking place with regards to which value was materially correct to include as a disclosure within the note depending on the treatment. It was further noted that any change between these values would be self-contained within this note, and presentational only.

The Chief Finance Officer requested that, subject to the resolution of these outstanding matters, within the parameters outlined above as

representing the potential change, members delegate authority to her to make any minor amendments which may arise in the accounts in consultation with the Chair of the Committee; and authority to sign the letter of representation contained within the External Auditors Completion Report on completion of the audit.

In relation to earmarked reserves from developer contributions received towards the provision of affordable housing, it was queried why the figure was so high when the spend was time limited. It was further queried if Selby District Council (SDC) had plans in the pipeline for the monies and if not, would the figure be transferred to North Yorkshire Council (NYC) on vesting day. It was confirmed that SDC did have plans to acquire a number of properties within the Staynor Hall development in Selby, and that any assets and liabilities that SDC held at the 31 March 2023 would become opening balances for NYC on the 1 April 2023.

A number of queries were raised in relation to the accuracy of the figures contained within the report under officer remunerations and the movements in a number of senior officer posts between the 2020-21 & 2021-22 financial years, and the total value for member allowances in 2021-22 in the disclosure note. Further details as to the usage of the in-year transfer out of £8,507k from the Special Projects Unallocated Reserve was also requested.

The accountant explained that he would review the figures and circulate a detailed response to the Committee, and Members were assured that any material changes within the accounts would be reported back to the Committee as a whole.

The Committee approved the Statement of Accounts, subject to the completion of the audit.

**RESOLVED:**

- i. To approve the Statement of Accounts 2021-2022, subject to the completion of the audit.**
- ii. To delegate authority to the Chief Finance Officer to make minor amendments to the accounts in consultation with the Chair of the Committee.**
- iii. To authorise the Chief Finance Officer to sign the letter of representation as set out in draft in the External Auditors report at item 9 of the agenda.**

**21 INTERNAL AUDIT, COUNTER FRAUD AND INFORMATION GOVERNANCE PROGRESS REPORT (A/22/10)**

The Assistant Director, Audit Assurance, 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, the priorities for the remainder of 2022-23; and provided a summary of key issues from the individual audits completed since the last meeting of the Committee in July 2022.

The Counter Fraud Manager, Veritau presented the section of the report related to the Council's counter fraud activity 2022-23, it was explained that the key focus of the counter fraud work was in preparation for Local Government Reorganisation (LGR) in North Yorkshire, to ensure that strong counter fraud policies and procedures were in place for inception day of the new authority.

The Committee heard that there was the potential for an increased risk of fraud occurring in the run-up to LGR, as criminals may try to take advantage of the uncertainty caused by any change in administrative arrangements to commit fraud. It was highlighted that an e-learning package for employees had been produced at all the Councils involved in LGR, this raised awareness of the increased risk, and focused on threats that may be experienced before and after the new Council was formed.

Members noted that the counter fraud team had raised awareness of whistleblowing on World Whistleblowers' Day in June 2022, to make all officers aware that they should raise any concerns they had in the public interest, and that there were protections in place should they do so.

The Committee were informed that the Council's counter fraud transparency data had been updated in May 2022 to include data on counter fraud work completed in 2021-22, this helped the Council to meet its obligations under the Local Government Transparency Code 2015.

In terms of investigative work, Members heard that a total of 54 referrals of suspected fraud had been received in the financial year, to include potential council tax fraud, council tax support fraud, housing fraud and business rates fraud. In addition, investigatory work had resulted in amended business rates assessments for two businesses who had incorrectly received small business rate relief, and a warning was issued to a business which had inappropriately claimed a £10k Covid-19 grant.

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 following completion of the privacy notice review in 2020-2021, Veritau had, in consultation with the relevant service areas, applied the relevant changes to the privacy notices, and of the thirty four privacy notices in total, seventeen had been completed and uploaded to the Council website. A further seventeen privacy notices were subject to ongoing review before publication onto the website.

The Committee acknowledged that the Council had completed a review of the Information Governance policies, and all were now published on the Council's website.

The Committee were informed that a review of the Information Asset Register (IAR) had been completed in March 2022, to reflect the United Kingdom's (UK) GDPR compliance needs, and apart from two service areas, Housing and Property Services, the register reflected all the Council's current information assets. It was noted that a further review of the IAR would consider alignment and consistency of information across the district councils in advance of LGR.

In terms of Information Security incidents involving personal data, Members were informed that three such incidents had been reported to Veritau, one of which was assessed as very low risk, and two as a low risk after investigation.

The Committee queried what was the cost to the Council in terms of counter fraud man hours to recover monies which had been identified as lost through fraud investigation. It was confirmed that there were a number of factors which made it very difficult to quantify the cost, however overall, the figures were similar across all local authorities both regionally and nationally. Members felt it would be useful to have a breakdown of the officer salary costs needed to investigate and recover the £8k of actual savings in 2021-22, to ensure value for money had been achieved.

As at the meeting in July 2022, Members raised further concerns regarding the completion rates for officer PDR's, as stated within the report the figure for the first five months of 2022-23 had stood at 5%, it was requested that the Committee be provided with current PDR completion figures.

**RESOLVED:**

- i. To note the progress made on the delivery of internal audit, counter fraud and information governance works.**
- ii. To provide Members with a breakdown of percentage figures showing the amount of monies recovered against the cost to the Council of the counter fraud work required to investigate and make the recovery.**
- iii. To ask officers to circulate the current PDR completion rates to Members.**

**22 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.**

**23 CONSIDERATION OF INTERNAL AUDIT REPORTS (A/22/11)**

The Assistant Director, Audit Assurance, from the Council's internal auditors Veritau presented the report, which advised that two audits had been completed on 13 October 2022 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; and that some of the actions were showing a significant improvement or had already been completed.

The Committee asked a number of questions in relation to the audits, it was confirmed that Veritau were working with the Leadership Team to cascade key messages and provide hands on training to officers. Members were assured that appropriate action was being taken.

**RESOLVED:**

**To note the report.**

The meeting closed at 6.59 pm.

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Audit and Governance Committee: Action Log 2022-23

Record of progress on resolutions and action points

Date	Agenda number and subject	Action Point	Update(s)	Officer(s)	Status
26 Oct 2022	No 5 - Audit Action Log Performance & Development Reviews (PDR's)	To circulate the most current PDR completion figures for 2022-23	A response to the query relating to PDR completion figures was emailed to Members on 10 November 2022	Head of Business Development & Improvement	Completed
26 Oct 2022	No 8 - Corporate Complaints & Compliments Annual Report, April 2021 – March 2022 and Local Authority Ombudsman Annual Review Letter 2022	To confirm the accuracy of the figures for the stage 1 corporate complaints data provided for the Contracts service area, which was identical for the years of 2020-21 and 2021-22	Data double checked and is correct at four complaints received for both 2020-21 & 2021-22 for the Contracts service area. Response emailed to Members on 10 November 2022	Customer Services Manager	Completed
26 Oct 2022	No 10 - Statement of Accounts	To check the accuracy of figures contained within the report under officer remunerations and the movements in a number of senior officer posts between the 2020-21 & 2021-22 financial years, and the total value for member allowances in 2021-22 in the disclosure note, and further details as to the usage of the in-year transfer out of £8,507k from the Special Projects Unallocated Reserve also requested.	Comprehensive response emailed to Members on 28 October 2022	Accountant	Completed
26 Oct 2022	No 11 - Internal Audit, Counter Fraud & Information Governance Progress Report	To provide Members with a breakdown of percentage figures showing the amount of monies recovered against the cost to the Council of the counter fraud work required to investigate and make the recovery.	Comprehensive response emailed 24 November 2022	Counter Fraud Manager	Completed

Last updated: 28 November 2022

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**Audit & Governance Committee Work Programme 2022-23**

Date of Meeting	Topic	Action Required
<b>27 July 2022</b>	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) 2021-22	To comment and note the draft Annual Governance Statement 2021-22
	Annual Report of the Head of Internal Audit 2021-22	To consider and note the Annual Report of the Head of Internal Audit 2021-22. 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 2021-22	To consider and note the Risk Management Annual Report for 2021-22, and the proposed actions for 2022-23.
	Corporate Risk Register 2022-23	To review and note the Corporate Risk Register.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'

<b>26 October 2022</b>	Review of Action Log	To consider the latest Action Log
	Regulation of Investigatory Powers (RIPA)	To receive an update on the Regulation of Investigatory Powers
	Local Government and Social Care Ombudsman and Corporate Complaints Annual Review Letter 2021-22	To receive the Local Government and Social Care Ombudsman Annual Review Letter 2021-22
	External Audit Completion Report 2021-22	To receive the Audit Completion Report from the external auditors
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Statement of Accounts 2021-22	To approve the Statement of Accounts for the financial year 2021-22
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'

<b>25 January 2023</b>	Review of Action Log	To consider the latest Action Log
	External Auditors Annual Report	To consider the External Auditor's Annual Report
	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
	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 2021-22	To review the Annual Governance Statement Action Plan 2021-22

<b>29 March 2023</b>	Review of Action Log	To consider the latest Action Log
	Internal Audit, Counter Fraud and Information Governance Annual Reports	To consider the Internal Audit, Counter Fraud and Information Governance Annual Reports.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'
	Annual Governance Statement (AGS) 2022-23	To review the Annual Governance Statement 2022-23
	Audit & Governance Committee Annual Report 2022-23	To approve the 2022-23 Annual Report of the Audit and Governance Committee

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# Agenda Item 6



**Report Reference Number: A/22/12**

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**To: Audit and Governance Committee**  
**Date: 25 January 2023**  
**Author: Dawn Drury, Democratic Services Officer**  
**Lead Officer: Karen Iveson, Chief Finance Officer**

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**Title:** External Auditor's Annual Report 2022

**Summary:**

The report from the external auditor, Mazars, is provided for comment and noting.

**Recommendations:**

**To consider the External Auditor's Annual Report 2022.**

**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 summarises the work undertaken for the Council for the financial year ending 31 March 2022.

**2. The Report**

2.1 The report is attached at Appendix A and sets out a summary of external audit work undertaken for the financial year ending 31 March 2022.

2.2 The report confirms that the audit was completed in accordance with the requirements of the Code of Audit Practice issued by the National Audit Office (NAO), and International Standards on Auditing (UK and Ireland).

2.3 The report also sets out key challenges and risks to the Council for the financial year 2021-22.

2.4 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:**

Dawn Drury, Democratic Services Officer  
Ext: 42065  
ddrury@selby.gov.uk

**Appendices:**

*A – External Auditor’s Annual Report 2022*



**Report Reference Number: A/22/13**

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**To: Audit and Governance Committee**  
**Date: 25 January 2023**  
**Authors: Ed Martin; Audit Manager – Veritau**  
**Daniel Clubb; Counter Fraud Manager – Veritau**  
**Kirsty Bewick; Information Governance**  
**Manager – Veritau**  
**Lead Officer: Karen Iveson; Chief Finance Officer**

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**Title: Internal Audit, Counter Fraud and Information Governance**  
**Progress Report 2022/23**

**Summary:**

The purpose of the report is to provide an update on the delivery of the internal audit work plan for 2022/23. The report also updates the committee on counter fraud and information governance work undertaken so far in 2022/23.

**Recommendation:**

That the committee:

- (i) note progress on delivery of internal audit, counter fraud and information governance work and the plans for work to be completed.

**Reasons for recommendation**

To enable the committee to fulfil its responsibility to review the outcomes from internal audit and other governance related work undertaken by Veritau – including any issues arising, and action being taken.

**1. Introduction and background**

- 1.1 The provision of internal audit is a statutory requirement (Accounts & Audit Regulations 2015).
- 1.2 The Audit and Governance Committee approved the internal audit, counter fraud and information governance plans for 2022/23 at the meeting held on 27 April 2022.
- 1.3 The purpose of this report is to update the committee on internal audit, information governance and counter fraud work up to December 2022.

## **2. The Report**

- 2.1 Details of internal audit, counter fraud and information governance work undertaken in 2022/23 are included in the reports at annexes 1 to 3 respectively.

### **Internal Audit**

- 2.2 Veritau carries out internal audit work in accordance with the Public Sector Internal Audit Standards (PSIAS). Internal audit provides assurance on corporate governance arrangements, internal control and risk management to the Council's leadership team and this committee.
- 2.3 Annex 1 provides details of the completed and ongoing internal audit work as well as plans for audit work to be completed in the remainder of 2022/23.

### **Counter Fraud**

- 2.4 Annex 2 contains the counter fraud progress report. It provides updates on reports of fraud and investigative activity to date. It also provides details of recent fraud awareness activities, including in the delivery of an e-learning package that highlights fraud threats during local government reorganisation in North Yorkshire.

### **Information Governance**

- 2.5 Annex 3 contains the Information Governance progress report. Work is aligned with the LGR workstreams with priority being focused on ensuring Council privacy notices and the information asset register are up to date and aligned with other district councils. CIGG are also focussed on ensuring staff have completed the mandatory data protection training prior to LGR vesting day. Additional training on information incident management has been provided to staff.
- 2.6 Veritau continues to provide advice on the completion of data protection impact assessments.

## **3. Implications**

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

## **4. Conclusion**

- 4.1 Work continues on 2022/23 audits. There are no specific significant risks or significant control issues which we have become aware of, that need to be highlighted to the committee. Our annual Head of Internal Audit report will be brought to this committee in March 2023.



- 4.2 The counter fraud team undertakes a range of activities to support delivery of the Council's counter fraud strategy. Fraud reported to the team is investigated and progress is regularly reported to the committee.
- 4.3 An action plan is in place to deliver information governance work on behalf of the Council; this is overseen by the Council's CIGG. Regular liaison takes place with the Council's Senior Information Risk Owner (SIRO) and regular updates are reported to this committee.

### **Background Documents**

None

### **Appendices:**

Annex 1: Internal audit progress report – January 2023

Annex 2: Counter fraud progress report – January 2023

Annex 3: Information governance progress report – January 2023

### **Contact Officers:**

Ed Martin; Audit Manager - Veritau  
[ed.martin@veritau.co.uk](mailto:ed.martin@veritau.co.uk)  
01904 552932

Daniel Clubb; Counter Fraud Manager – Veritau  
[Daniel.clubb@veritau.co.uk](mailto:Daniel.clubb@veritau.co.uk)  
01904 552947

Kirsty Bewick; Information Governance Manager;  
Veritau  
[kirsty.bewick@veritau.co.uk](mailto:kirsty.bewick@veritau.co.uk)  
01904 551761

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# INTERNAL AUDIT PROGRESS REPORT 2022/23

Date: 25 January 2023

Annex 1



## BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the Council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit, Governance and Standards Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in April 2022. The primary focus of internal audit delivery in 2022/23 is on Local Government Reorganisation (LGR), and on those systems which are most affected by the transfer. Work is being kept under continuous review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council during its final year of operation.
- 5 This is the final internal audit progress report to be received by the Audit, Governance and Standards Committee covering 2022/23 and summarises the progress made to date in delivering the agreed programme of work. An annual report of the Head of Internal Audit will be presented before the end of the financial year.
- 6 The purpose of this report is to update the committee on internal activity between April 2022 and December 2022.



## INTERNAL AUDIT PROGRESS

- 7 Since the last report to this committee in October, four audits have been finalised (general ledger, creditors, contract waivers, housing rents). We have two audits in progress and expect to conclude these during February. We will also conduct some health check and assurance work in relation to debtors, payroll and cyber security during February.
- 8 We have been meeting regularly to discuss risks and ongoing work with the Chief Finance Officer. The timing and focus of work have been informed by our ongoing assessment of risk.
- 9 The main priority remains targeted work on the Council's key financial systems. This work involves testing the continued operation of key controls, reviewing identified areas of weakness, and considering specific data quality, system transfer and development matters linked to LGR.

- 10 A summary of internal audit work currently underway, and finalised in the year to date, is included in appendix A. Appendix B provides details of the audit reports finalised since the last committee. Appendix C lists our current definitions for action priorities and overall assurance levels.
- 11 We will continue to assess and monitor risk and discuss key areas with senior management. Work will be adjusted in response to changes in the Council's activities, risks, operations, systems and controls, if required.



## FOLLOW UP

- 12 We have followed up agreed actions either as part of our ongoing audit work, or in separate reviews. Significant outstanding actions are detailed in this report at appendix D. We have no other matters to report to the Committee as a result of our follow up work.

## APPENDIX A: 2022/23 INTERNAL AUDIT WORK

### Final reports issued

Audit	Reported to Committee	Opinion
General Ledger	January 2023	Substantial Assurance
Contract Waivers	January 2023	Reasonable Assurance
Creditors	January 2023	Reasonable Assurance
Housing Rents	January 2023	Substantial Assurance
Council tax & NNDR	October 2022	Substantial Assurance
Payroll	October 2022	Reasonable Assurance
Health and safety – homeworking	October 2022	Limited Assurance
Information security - homeworking	October 2022	Limited Assurance
ICT asset management	July 2022	Reasonable Assurance
Debtors	July 2022	Substantial Assurance
General ledger	July 2022	Substantial Assurance
Homes England	July 2022	No opinion given
Chairman’s Account	July 2022	No opinion given

### Audits in progress

Audit	Status
Council house repairs and maintenance	Draft report issued
Benefits	In progress

### Other work in 2022/23

Internal audit work is undertaken in other areas during the year, including:

- Certification of the Local Authority Test and Trace Contain Outbreak Management Fund Grant.
- Certification of the Local Authority Test and Trace Support Payment Scheme Grant.
- Ongoing review of key documentation and meeting minutes to help inform future work and provide insight for the annual opinion.
- Regular discussion with management, including ongoing discussions linked to local government reorganisation and in respect of the financial based audits, to help ensure sufficient coverage for the annual opinion.
- Involvement in a number of the local government reorganisation workstreams to help develop and understand new arrangements and share knowledge with management and officers.

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

System/area (month issued)	Area reviewed	Assurance rating	Agreed actions			Comments	Management actions agreed
			1	2	3		
General Ledger	The audit reviewed key processes for maintenance of accurate accounting records, and budget management.	Substantial Assurance	0	0	0	Processes were found to be working well, with no significant issues found. Feeder systems were reconciled, access controlled, journals appropriately controlled and bank reconciliations completed regularly.	Feedback was given to the service on some minor issues but no significant weaknesses were identified so no management actions were required.
Editors	Ordering, receipting, invoice payments, supplier management, user access controls	Reasonable Assurance	0	0	2	<p>Overall, payments made for goods and services received had been appropriately authorised and invoices were being paid within a reasonable timeframe.</p> <p>One individual was able to raise and approve orders, though this had only been done on a small number of occasions for low value items.</p> <p>Some small discrepancies were found between the council's delegated authority list and the</p>	<p>The ability to raise and authorise own orders has been removed.</p> <p>Changes are being made to delegated authority list or finance system as required.</p>

System/area (month issued)	Area reviewed	Assurance rating	Agreed actions			Comments	Management actions agreed
			1	2	3		
						<p>access and authorisation levels in the finance system.</p> <p>Some possible duplicate invoices were identified and referred back to the service for investigation. There are no routine processes for identifying if potential duplicate invoices have been paid.</p>	
Page 28 Contract Waivers	Completion, authorisation and recording of waivers of contract procedures rules. Monitoring processes to identify if waivers have not been obtained.	Reasonable Assurance	0	1	1	<p>There are clear procedures for waivers and the council maintains a log of waivers. Overall, exemption requests contain relevant information and are reviewed by the appropriate senior officers. However, there were some gaps and inconsistencies in evidence available to support the granting of waivers.</p> <p>There is no monitoring of expenditure to detect off contract spend or breaches of waiver conditions.</p>	<p>In light of Local Government Reorganisation (LGR) it would not be appropriate or valuable for the council to try to amend its processes.</p> <p>However, issues will be raised with the Procurement Workstream for the new single North Yorkshire Council.</p>



System/area (month issued)	Area reviewed	Assurance rating	Agreed actions			Comments	Management actions agreed
			1	2	3		
Housing Rents	The audit reviewed rent calculation processes, billing, arrears recovery, and write offs.	Substantial Assurance	0	0	0	<p>Rents are approved annual by Full Council and are set in line with government guidelines.</p> <p>Rents are uplifted by an automated process and had been applied correctly, although additional checks could be done to improve control.</p> <p>Additional control was also needed for transmitting bank files following a recent direct debits issue.</p> <p>The council collects arrears, takes action to recover outstanding rent payments and write-offs had been performed in accordance with procedures.</p>	<p>An additional check by a second officer has been implemented for bank files submissions.</p> <p>An additional check buy a second officer will be implemented for annual rent increases.</p>

## APPENDIX C: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

### Audit opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Opinion	Assessment of internal control
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### 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	Notes / Update
Performance Management  Page 31	HR to undertake QA review of sample of Personal Development Reviews (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	PDRs were not prioritised during the early Covid pandemic as energy was put into service delivery and completion rates were poor.  Completion of PDRs has now been prioritised. Communications were issued to managers and staff; completion rates have been monitored at Leadership Team meetings; Audit and Governance committee have been provided with updates.  As at 9 January 2023, the completion rate for PDRs was 91%.

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# COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 25 January 2023

Annex 2





## BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year<sup>1</sup>. Financial loss due to fraud can reduce a council's ability to support public services and 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 update the Committee on counter fraud activity in 2022/23.



## FRAUD MANAGEMENT

- 4 An e-learning package for employees, to highlight potential fraud threats in the transition to the new North Yorkshire Council, was finalised in September 2022. The training is now available on the council's e-learning platform for officers to complete.
- 5 In October, we shared information with all employees to mark cybersecurity awareness month. The material focussed on mandate fraud (also known as payment diversion fraud) a form of cybercrime that has been increasing nationally in terms of sophistication, frequency, and success. Staff were updated on the latest tactics and tools used by criminals to commit this type of fraud as well as warning signs to look out for.
- 6 A campaign to raise awareness of the council's anti-bribery and anti-money laundering policies took place in December. Officers were reminded of the risks of money laundering and bribery, and their responsibility to report concerns.
- 7 A general fraud awareness campaign for officers took place during International Fraud Awareness Week in November 2022. Details on how to report suspected fraud were circulated.



## MULTI-AGENCY WORK

- 8 In November 2022, the team submitted data from a number of services to the Cabinet Office for the 2022/23 National Fraud Initiative exercise. Outputs from this national matching exercise will start to be released in

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<sup>1</sup> Fraud and Error (Ninth Report of Session 2021/22), Public Accounts Committee, House of Commons

February 2023. Data is now being prepared for the annual Single Person Discount exercise.

## INVESTIGATIVE WORK

- 9 The counter fraud team have received 88 referrals of suspected fraud from staff, members of the public and government agencies. The allegations related to areas including council tax support, council tax and business rates discounts/exemptions. A total of 18 cases have been completed in the year to date, and investigation of a further 17 allegations is ongoing.
- 10 As a result of investigative work, the council has saved £17.1k. A warning was issued to a business for inappropriately claiming a £10k Covid-19 grant, and amendments have been made to business rates and council tax accounts where issues have been identified. Invoices have been raised for repayment of two £10k Covid-19 grants to businesses that should not have received them.
- 11 A summary of investigative work is included in appendix A, below.

## APPENDIX A: SUMMARY OF INVESTIGATION ACTIVITY

Activity to date includes the following:

	<b>2022/23 (As at 31/12/22)</b>	<b>2022/23 (Target: Full Yr)</b>	<b>2021/22 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£17,121	£14,000	£8,757
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	44%	30%	29%

Caseload figures for the period are:

	<b>2022/23 (As at 31/12/22)</b>	<b>2021/22 (Full Year)</b>
Referrals received	88	84
Number of cases under investigation	17	14 <sup>2</sup>
Number of investigations completed	18	14

<sup>2</sup> As at the end of the financial year (i.e. 31/03/2022)



### Work completed or in progress

The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity completed in 2022/23 includes the following:

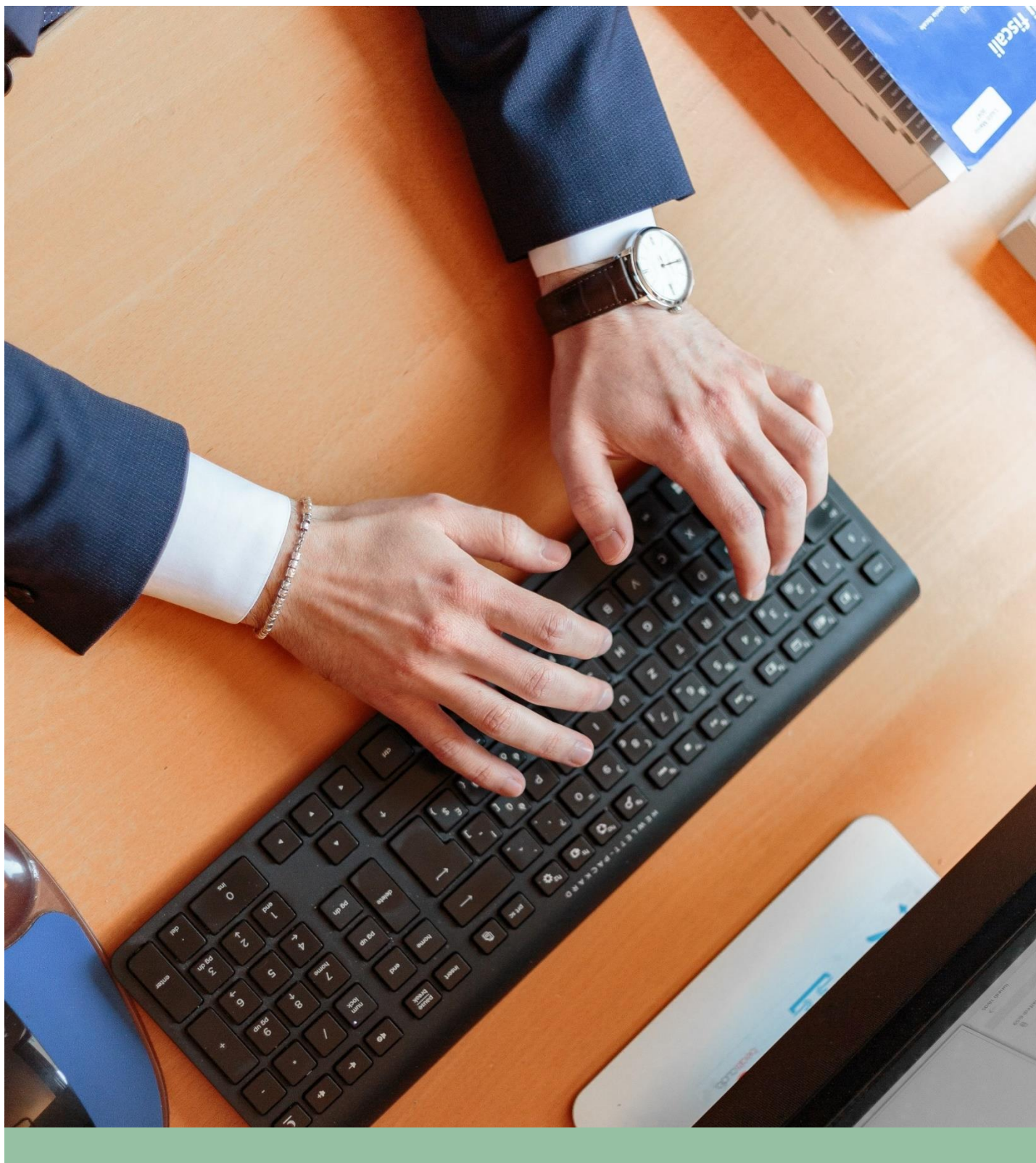
- **Covid-19 related fraud** – No new cases of Covid-19 business grant fraud have been identified. However, investigation of five earlier allegations have been completed this year. Invoices have been raised in three cases where Covid-19 grants were incorrectly obtained, and a warning was issued to one business that was not eligible for a payment. There are currently no Covid-19 grant cases under investigation.
- **Council Tax Support fraud** – Three allegations of Council Tax Support fraud are under investigation. One further case has been closed. Investigative work has helped the council recover £2.5k.
- **Council tax fraud** – The counter fraud team have completed four investigations in this area. To date, £2.4k of incorrectly obtained single person discounts have been recovered. Investigation of five allegations is ongoing.
- **Housing Fraud** – Investigation continues into three allegations of housing fraud. No fraud was identified in a case that was closed this year.
- **NNDR fraud** – The team have completed three business rates investigations which resulted in £6k of savings. Two of these cases identified incorrect payments of small business rate relief which have now been stopped. Invoices have been raised for the underpaid business rates in both cases. The team are investigating a further four allegations in this area.
- **External fraud** – National data matching identified three creditors that received duplicate payments that required repayment. To date, funds have been recovered in one case.
- **Internal fraud** – Two internal fraud investigations are ongoing.

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# INFORMATION GOVERNANCE PROGRESS REPORT

Date: 25 January 2022

ANNEX 3



## PURPOSE OF THE REPORT

- 1 To provide an update on Information Governance matters, 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 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 alongside money, property, and human resources, and must therefore be protected accordingly. Information governance is 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 Chief Finance Officer and provides overall direction and guidance on all information governance matters. CIGG also helps to support the Council's Senior Information Risk Owner (the Chief Finance Officer) to discharge their 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 The Council is working to complete tasks in the 2022/23 action plan, which was approved by CIGG. Due to Local Government Reorganisation (LGR) CIGG agreed that no new actions should be included in the action plan. Instead, the focus will be to address priority outstanding actions required to make the Council compliant with UK GDPR and the Data Protection Act 2018. The key areas of focus are completing the review of the Council's Privacy Notices and Information Asset Register, and ensuring all staff complete the Data Protection training.
- 7 Veritau completed a review of the Council's Privacy Notices in October 2022. There are thirty-four Privacy Notices in total, and seventeen have been updated and published on the Council's website. Veritau continue to

work with officers at the Council to review the remaining Privacy Notices, but at the request of the LGR IG Working Group, focus and priority has switched to undertaking a review of all District Council Privacy Notices, to ensure they are consistent and aligned, prior to vesting day on 31 March 2023.

- 8 The review of consistency of district council privacy notices began in November 2022. It will be completed in January 2023.
- 9 A review of the IAR will commence in January 2023 to consider alignment and consistency of information across the district councils in advance of LGR.
- 10 A review of data protection clauses will be undertaken as part of a wider evaluation of Council contracts which are to be novated to the new authority, after a decision is made about which contracts are to be continued.

## TRAINING

- 11 Veritau delivered Information Incident Management training to sixty staff members in November 2022. Demand was high and Veritau are organising further workshops in January 2023.
- 12 As previously agreed, Law Enforcement training will be offered with the aim to complete the training by March 2023.
- 13 In March 2022 CIGG agreed that the focus of internal training for 2022/23 will be to ensure that all employees have completed data protection training. This includes new starters and temporary and agency staff, as part of their induction.

## INFORMATION SECURITY INCIDENTS (DATA BREACHES)

- 14 Information Security Incidents have been reported to Veritau as required during 2022/23. The number of incidents reported to the end of quarter 3 are set out in the table below.

*Information security incidents 2022/23*

	Very High	High	Moderate	Low	Very Low	White	Total
<b>Q1</b>							0
<b>Q2</b>				2	1		3
<b>Q3</b>				1	2	3	6
<b>Total</b>							<b>9</b>

- 15 To date, Veritau have handled nine security incidents in 2022/23. Three of which were assessed as low risk and three as very low risk after

investigation. Three were categorised as white incidents, which means they were either classed as a near miss or dealt with under a different Council policy. The number of reported incidents is similar to the same point last year when the Council had had nine incidents.



## SUBJECT ACCESS REQUESTS, INTERNAL REVIEWS & FREEDOM OF INFORMATION

- 16 Veritau has processed twelve subject access requests and undertaken one internal review on behalf of the Council since agreeing to undertake this work in February 2022. It has provided support and advice on six complex FOI requests. Veritau are coordinating one active SAR case with the Information Commissioner's Office on behalf of the Council. This relates to a requester complaining about proposed charges for burning recordings of telephone calls onto a CD he requested.



## DATA PROTECTION IMPACT ASSESSMENTS

- 17 Work is ongoing on several DPIAs. Veritau has agreed to review the draft DPIAs for My View ONS data sharing and Breathing Space. Veritau has provided feedback for the CCTV Scheme for Selby town centre DPIA, and the Council is now considering this further advice. Work continues on several DPIAs including, MyView, ONS data sharing and CCTV for Selby Town Centre.



## TECHNOLOGY

- 18 Work required to ensure all IT software and hardware is compliant with UK GDPR and the Data Protection Act 2018 is progressing as part of the Council's upgrade to Office 365. Twelve business departments have transferred to Office 365 so far. Defined retention periods have been applied to documents as part of the change, except for planning documents which are currently stored on SharePoint. Appropriate retention periods will be applied as soon as the planning documents are transferred to Office 365. IT Services are waiting on decisions by the ICT and Digital Governance Board before progressing any further work to upgrade remaining departments to Office 365.



**Report Reference Number: A/22/14**

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**To: Audit and Governance Committee**  
**Date: 25 January 2023**  
**Author: Connor Munro; Assistant Director – Audit Assurance  
– Veritau Group**  
**Lead Officer: Karen Iveson; Chief Finance Officer**

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**Title: Corporate Risk Register 2022-23**

**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 July 2022.

**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 January 2023.
- 2.5 As of January 2023, there are 12 risks on the Council's Corporate Risk Register for 2022-2023. No new risks have been added.
- 2.6 The Corporate Risk Register includes 5 risks with a score of 12 or more (high risk). This has increased by one since the Corporate Risk Register was last reported to committee in July 2022 and is a result of the 'Economic Environment' (CRR\_008) 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 threaten investor and consumer confidence.
- 2.7 The 'Local Government Reorganisation' (CRR\_018) risk remains the most significant risk faced by the Council, with a score of 20, unchanged from the previous assessment. The work required to be undertaken by the Council as part of the transition – and the uncertainty associated with LGR – continues to create significant capacity challenges.
- 2.8 The 'Managing Partnerships' (CRR\_017) risk has increased from a score of 6 to 9. The increase in risk score is due to the proximity of vesting date, and the challenge of successfully bringing existing arrangements into a new operating environment.
- 2.9 All other risk scores remain the same as the previous assessment in July 2022.

### **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; Assistant Director – Audit Assurance  
– Veritau Group**

[connor.munro@veritau.co.uk](mailto:connor.munro@veritau.co.uk)

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

[richard.smith@veritau.co.uk](mailto:richard.smith@veritau.co.uk)




#### **Appendices:**

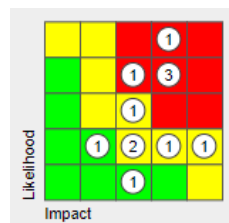
Appendix A – Corporate Risk Register, January 2023








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# Selby District Council Corporate Risk Register 2022-2023













Overview: January 2023


Risk Status	
	High Risk
	Medium Risk
	Low Risk

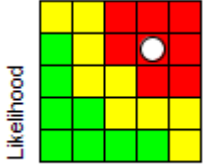
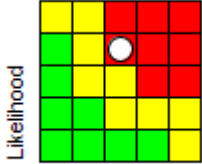
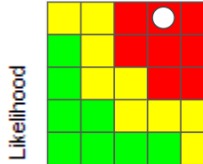



Status	Code	Previous Risk Score (July 2022)	Current Risk Score	Trend	Title
	SDC_CRR_018	20	20		Local Government Reorganisation
	SDC_CRR_003	16	16		Financial Resources
	SDC_CRR_000	16	16		Failure to deliver corporate priorities
	SDC_CRR_004	16	16		Organisational Capacity
	SDC_CRR_008	9	12		Economic Environment
	SDC_CRR_002	10	10		Health and Safety Compliance

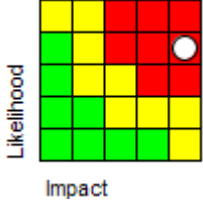
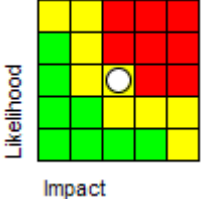
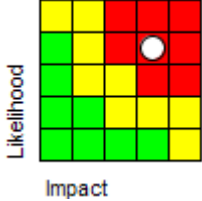
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Status	Code	Previous Risk Score (July 2022)	Current Risk Score	Trend	Title
	SDC_CRR_017	6	9		Managing Partnerships
	SDC_CRR_007	8	8		Fraud & Corruption
	SDC_CRR_006	6	6		Managing Customer Expectations
	SDC_CRR_014	6	6		Systems and Technology
	SDC_CRR_013	4	4		Information Governance/Data Protection
	SDC_CRR_001	3	3		Failure in Corporate Governance Arrangements


Status	Risk Score	Risk Title	Description		Risk Owner
	<b>20</b>	<b>Local Government Reorganisation</b> (SDC_CRR_018)	<b>Failure to secure delivery of our priorities for the Selby district during the period leading up to and immediately following the commencement of the new unitary North Yorkshire Council in April 2023.</b>		<b>Chief Executive</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>• SDC voice not heard nationally or sub-regionally</li> <li>• Reduced staff capacity/reduced staff morale</li> <li>• Insufficient financial resources/resources not aligned to priorities</li> <li>• Lack of effective programme/project/performance management</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• SDC ceases to exist and organisational priorities do not get delivered</li> </ul>	
<b>Page 49</b> <b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Work with other districts - at senior levels - to ensure opportunities to influence outcomes beneficial to the Selby district are maximised</li> <li>• 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.</li> <li>• 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</li> <li>• Review priorities in line with expected timescales of LGR and robust project and programme management to ensure council priorities are delivered</li> <li>• Update the MTFS to ensure financial resources are explicitly targeted at achieving priority outcomes in the time available</li> <li>• Engage effectively with any implementation process of whatever arrangements are finally determined by the Secretary of 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</li> <li>• Review and prepare for specialist resources that may be required.</li> </ul>			

Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
 <p style="text-align: center;">16</p>	 <p style="text-align: center;">12</p>	 <p style="text-align: center;">20</p>
Notes		Review Date
<p>Risk score unchanged.</p> <p>LGR is creating capacity challenges: some staff are leaving due to the uncertainty; it is difficult to recruit - also due to uncertainty; and, whilst, SDC is playing its full part in the LGR implementation workstreams, this work is taking some staff away from the day jobs.</p> <p>We are working with our NY partners to try and mitigate but all councils are struggling with recruitment and retention. Backfilling existing staff is helping to mitigate some of the most critical risks.</p> <p>The People Plan has been re-focused to support staff through this significant change and we have increased levels of staff engagement.</p> <p>Whilst the Structural Changes Order provided helpful clarity in March, including confirming that SDC will end on 31 March 2023 and providing a legal basis for the May elections, one impact has been to increase the complexity of decision making where significant sums of money are being committed.</p> <p>The May elections have clarified much of the political uncertainty.</p> <p>The MTF5 has been refreshed 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>January 2023</p>

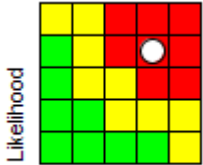
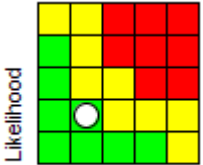
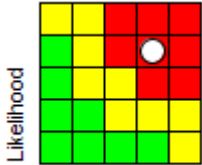
Status	Risk Score	Risk Title	Description	Risk Owner
	16	<b>Financial Resources</b> (SDC_CRR_003)	<b>The Council's financial position is not sustainable beyond 2021.</b>	<b>Chief Finance Officer</b>
<b>Causes</b>  Page 51		<ul style="list-style-type: none"> <li>• Unforeseen financial pressures as a result of Covid-19</li> <li>• Poor financial planning</li> <li>• Funding cuts/ Investment Strategy</li> <li>• Non-delivery of savings</li> <li>• Poor spending</li> <li>• Poor decisions</li> <li>• Partnership contract (goes awry)</li> <li>• Fair Funding Review (demonstrate why costs)</li> <li>• Over commitment (i.e. Northamptonshire)</li> <li>• Economic - high inflation/increased demand</li> <li>• Loss of control in service delivery</li> <li>• Political environment changes</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Unable to deliver its Corporate Plan ambitions and Statutory functions</li> <li>• Unable to meet financial commitments (long/medium/short term)</li> <li>• Unable to set a balanced budget as required by legislation.</li> <li>• Central Government intervention</li> <li>• Forced to make unplanned service reductions which impact on residents and businesses.</li> <li>• Significant reputational and political change.</li> </ul>
		<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Financial support provided by central government.</li> <li>• Long term financial strategies (GF &amp; HRA) setting out high level resources and commitments and owned by Council members.</li> <li>• 3 year budget underpinned by reasonable assumptions (inflation, interest rates etc).</li> <li>• Effective in year budget management arrangements in place.</li> <li>• Savings plan approved with supporting delivery plans for each saving.</li> <li>• Programme for Growth resourced with supporting business cases and action plans. Investment decisions supported by robust whole life (at least 5 years) business cases.</li> </ul>


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 risk score as at the end of Q3 22/23. In year monitoring is forecasting small surpluses on both the General Fund and HRA driven by improved investment returns and staff vacancies. However, underlying risk from cost inflation and income pressures continue.</p> <p>A particular issue has arisen on the HRA capital programme with a large overspend forecast as a result of an increase in the number and complexity of void properties. Plans are being formulated to manage the risk within the HRA resources available.</p> <p>In year issues and risks have been included in the draft budgets being prepared for the new unitary council.</p>		<p>January 2023</p>







Status	Risk Score	Risk Title	Description	Risk Owner
	16	<b>Failure to deliver corporate priorities</b> (SDC_CRR_000)	<b>The Council fails to deliver its corporate priorities as set out and approved by Councillors.</b>	<b>Chief Executive</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>Lack of prioritisation</li> <li>Priorities not reflected in service plans</li> <li>Windfalls re direct priorities</li> <li>Political and/or external factors</li> <li>Capacity/single point of failure</li> <li>Lack of clarity over corporate priorities</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>Poor performance - impacting on residents</li> <li>Poor reputation - residents and partners</li> <li>Political instability</li> <li>Staff morale decreased</li> <li>Missed opportunities for funding</li> <li>Partnership not fulfilled</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>New Council Plan 2020/30 approved December 2019</li> <li>Clear priorities – cascaded via PDRs/1:1s</li> <li>Shared with wider workforce via Staff Briefings</li> <li>Corporate Comms Plan in place.</li> <li>Delivery via service plans – currently being drafted by Heads of Service in conjunction with employees</li> <li>Monitoring via Leadership Team as programme board</li> <li>Executive oversight through quarterly corporate performance monitoring (also subject to quarterly Scrutiny)</li> </ul>		

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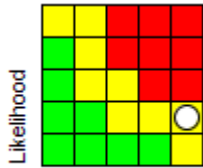

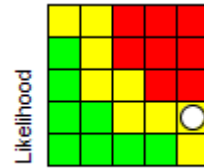
Risk Assessments			
Original Risk Rating	Target Risk Rating	Current Risk Rating	
 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	
16	4	16	
<b>Notes</b>			<b>Review Date</b>
No change to risk score Significant capacity challenge due to staff in key roles leaving. Working with NY partners to try and mitigate but all 8 councils are experiencing challenges			January 2023

Status	Risk Score	Risk Title	Description	Risk Owner
	<b>16</b>	<b>Organisational Capacity</b> (SDC_CRR_004)	<b>Lack of organisational capacity and resilience to effectively deliver agreed outcomes and objectives for now and for the future.</b>	<b>Director of Corporate Services and Commissioning</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>• Loss of staff</li> <li>• Pay scales</li> <li>• Skills</li> <li>• Wrong structure</li> <li>• Succession planning</li> <li>• Motivation</li> <li>• Culture</li> <li>• Poor leadership</li> <li>• Ineffective management</li> <li>• Failure to prioritise</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Increased cost of delivery</li> <li>• High churn</li> <li>• Slowing pace</li> <li>• Loss of talent</li> <li>• Poor delivery of priorities</li> <li>• Impact on reputation</li> <li>• Political frustrations</li> <li>• Failure to deliver outcomes</li> <li>• Low resident satisfaction</li> <li>• Loss of confidence from partners and businesses</li> <li>• Staff stress and dissatisfaction</li> <li>• Poor services</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Organisational review resulting in the right people in the right posts doing the right things, doing them well and funded on a sustainable footing.</li> <li>• Working with partners to lever capacity and expertise – e.g. Better Together.</li> <li>• Utilising Programme for Growth to secure short/medium term capacity to deliver Council priorities – e.g. Economic Development function.</li> <li>• Assessment and review processes (e.g. Peer Challenge; Staff Survey; IIP Assessment) in place.</li> <li>• Organisational Development Strategy (People Plan) and Action Plan</li> <li>• Secure sufficient HR/OD capacity/resources to deliver.</li> </ul>		


Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
 <p style="text-align: center;">16</p>	 <p style="text-align: center;">8</p>	 <p style="text-align: center;">16</p>
Notes		Review Date
<p>No change to risk score.</p> <p>Significant capacity challenges due to combination of key staff leaving - partly due to uncertainty caused by LGR - and difficulty to recruit to key services such as planning and property services.</p> <p>We are working closely with NY colleagues to help mitigate but each council is facing similar challenges.</p> <p>Continuing to support staff through the key elements of the People Plan - around development and engagement.</p> <p>Significant push to ensure all staff have had a PDR - now over 90% and completed mandatory training.</p>		<p>January 2023</p>

Status	Risk Score	Risk Title	Description	Risk Owner
	<b>12</b>	<b>Economic Environment</b> (SDC_CRR_008)	<b>Poor net economic growth.</b>	<b>Director of Economic Regeneration and Place</b>
<b>Causes</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The impact of leaving the EU is also a cause of uncertainty for businesses.</li> </ul>		<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Significant negative impact of Covid-19 lockdown on existing businesses in the district</li> <li>• Impact on reputation and willingness by business to engage</li> <li>• Inward investment reduces</li> <li>• Higher unemployment</li> <li>• Decrease in new employment opportunities</li> <li>• Potential negative impact on business rates income.</li> <li>• Increased demand for economic development and wider Council support services e.g. debt support</li> <li>• Increased demand for interventions to stimulate economic growth.</li> </ul>
<b>Controls or Mitigating Actions in Place</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Appointed to vacant posts in the Economic Development &amp; Regeneration service to allow the Council to take a proactive approach</li> <li>• Continued promotion of Selby District as being open for business and a great place to invest and locate.</li> <li>• 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.</li> <li>• 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.</li> </ul>			

Risk Assessments			
Original Risk Rating	Target Risk Rating	Current Risk Rating	
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	
12	4	12	
Notes			Review Date
<p>Investor confidence appears to still be strong and demand for industrial premises continues to outstrip supply, particularly for smaller units. Developers continue to bring forward major sites and are building large units speculatively. Town centre trading is also mostly strong in Selby and Sherburn, although Selby has seen some recent closures. Selby will also experience £28m of transformative investment in infrastructure and the public realm, with work starting on site in 2023.</p> <p>However, very high inflation and energy costs threaten the economic environment and consumer confidence and there remain significant challenges to accessing labour supply. This has the capacity to impact on growth and investment and a UK recession is expected. The likelihood of a decline in the economic environment is consequently shown as high in the latest risk rating.</p>			January 2023

Status	Risk Score	Risk Title	Description	Risk Owner
	10	<b>Health and Safety Compliance</b> (SDC_CRR_002)	<b>Failure to comply with Health and safety legislation.</b>	<b>Director of Corporate Services &amp; Commissioning</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>• Incident involving a member of staff, visitor or member of the public</li> <li>• Incident involving council property or on council owned land.</li> <li>• HSE or third-party investigation.</li> <li>• Non-compliance with Health and Safety legislation.</li> <li>• Non-compliance with govt guidance for Covid secure</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Actual or potential injury or loss of life.</li> <li>• Environmental degradation.</li> <li>• Financial loss / impact on value of assets.</li> <li>• Reputational damage.</li> <li>• Covid outbreak / loss of staff and reputational damage</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• 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.</li> <li>• Health and safety due diligence assessment on service areas and contractors.</li> <li>• Public liability and property insurance.</li> <li>• Risk management system in place to manage equipment, contractors, property and environmental and health &amp; safety risks.</li> <li>• Health and safety performance monitoring of Delivery Partners to ensure HS&amp;E compliance.</li> <li>• Risk assessing, and then managing accordingly, every property and asset.</li> <li>• Statutory checks to ensure regulatory HS&amp;E Compliance.</li> <li>• Event Safety Plan for all events managed by external consultants.</li> <li>• Covid Secure risk assessments for all Council operations are in place and certified Covid Secure</li> </ul>		
Risk Assessments				
Original Risk Rating		Target Risk Rating		Current Risk Rating
 <p>Likelihood</p> <p>Impact</p>		 <p>Likelihood</p> <p>Impact</p>		 <p>Likelihood</p> <p>Impact</p>
10		10		10
Notes				Review Date
No change to risk score.				January 2023

Staff training carried out on first aid and fire marshals. Significant push for staff to complete mandatory H&S training. Risk identified around lack of fire warden for Civic Centre – to be addressed.	
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Status	Risk Score	Risk Title	Description	Risk Owner
	9	<b>Managing Partnerships</b> (SDC_CRR_017)	<b>Inability to influence strategic partnerships (e.g. health/ LEP/NYCC etc.).</b>	<b>Director of Economic Regeneration and Place</b>
Page 69	<b>Causes</b>	<ul style="list-style-type: none"> <li>• Poor relationship management</li> <li>• Political buy in</li> <li>• Performance Management</li> <li>• Clarity of Purpose</li> <li>• Commissioning/contract management</li> <li>• Lack of Shared objectives</li> <li>• Due Diligence</li> <li>• Partnership governance</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Service Failure - quality of delivery</li> <li>• Reputational</li> <li>• Loss of Service</li> <li>• Impact on customers/residents from lack of partnership resources</li> <li>• Conflicting priorities</li> <li>• Unable to gain additional resource/staff/funding</li> <li>• Capacity - ventures</li> <li>• Overspending</li> <li>• Legal challenge and costs</li> <li>• Conflicting governance</li> <li>• Liability of additional cost/spend.</li> </ul>
	<b>Controls or Mitigating Actions in Place</b>	<ul style="list-style-type: none"> <li>• Targeted work with key developers and investors.</li> <li>• Close working with the LEP's to identify potential investment opportunities.</li> <li>• Close involvement in shaping the demands within any Devolution deal.</li> <li>• Re-structure to increase capacity in economic development, regeneration and partnerships.</li> </ul>		


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>9</p>
<b>Notes</b>		<b>Review Date</b>



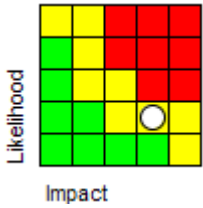
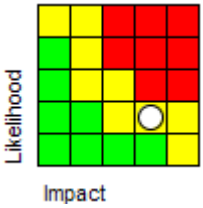
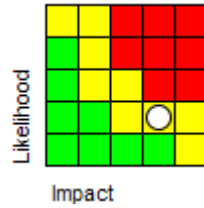
Current partnerships remain sound although with the Local Government Review due in April 2023, many partners are wanting to understand how to be involved to influence the shape and partnerships of the new authority but also to ensure that Selby as a locality is fully considered.


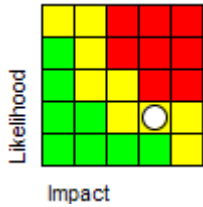
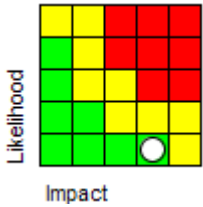
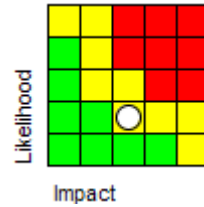
Mitigations include a communications and engagement workstream for LGR, regular briefings, partners involved in LGR workstreams. Each workstream completes a stakeholder engagement plan to ensure inclusion in design.

January 2023

Status	Risk Score	Risk Title	Description	Risk Owner
	8	<b>Fraud &amp; Corruption</b> (SDC_CRR_007)	<b>Incident of fraud and/or corruption occurs within the Council.</b>	<b>Chief Finance Officer</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>• Low staff morale</li> <li>• Debt (Individual)</li> <li>• Lack of vigilance by staff</li> <li>• System weakness - unknown</li> <li>• Failure to report changes</li> <li>• Incorrect information</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Financial and reputational loss</li> <li>• Potentially more fraud (gaps not closed)</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Counter fraud arrangements reviewed through annual self-assessment</li> <li>• Counter Fraud and Corruption Strategy and Policy to be reviewed regularly</li> </ul>		


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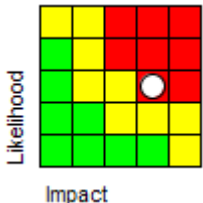
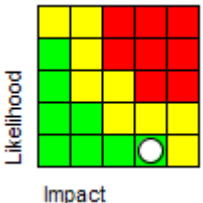
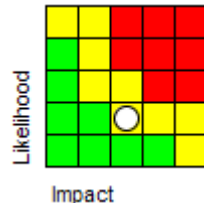
Risk Assessments			
Original Risk Rating	Target Risk Rating	Current Risk Rating	
 <p>8</p>	 <p>8</p>	 <p>8</p>	
<b>Notes</b>			<b>Review Date</b>
<p>No change to the risk score.</p> <p>The potential for fraud and corruption during the transition to the new council has been recognised and awareness training for staff has been provided.</p>			January 2023

Status	Risk Score	Risk Title	Description	Risk Owner
	6	<b>Managing Customer Expectations</b> (SDC_CRR_006)	<b>Inability to meet customers' demand for services.</b>	<b>Head of Business Development and Improvement; Chief Executive</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>• Lack of clear standards/standards not being met</li> <li>• Staff not demonstrating core values/behaviours</li> <li>• Poorly trained staff/ineffective learning</li> <li>• Staff not empowered to take decisions</li> <li>• Ineffective front:back office processes</li> <li>• Lack of resources/resources not aligned to priorities</li> <li>• Poor services</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Poor customer satisfaction.</li> <li>• Quality and timeliness of service suffers.</li> <li>• Sustainability of service.</li> <li>• Increased customer complaints.</li> <li>• Impact on Elected Members.</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Increase community delivery.</li> <li>• Channel shift to self-service.</li> <li>• Re-design services using quality data.</li> <li>• Develop structured multi-agency partnerships.</li> <li>• Right first time services to remove avoidable work.</li> </ul>		
Risk Assessments				
Original Risk Rating		Target Risk Rating		Current Risk Rating
 <p>8</p>		 <p>4</p>		 <p>6</p>
Notes				Review Date
No change to risk score.				January 2023


New pod installed and MR4 configured to improve the customer services 'offer' at Selby Civic Centre and increase the availability of appointments.

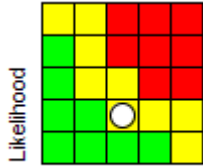
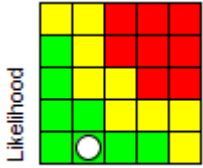
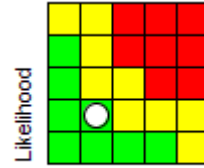
Further work needed - specifically a self service terminal/phone for customers - to ensure the Civic Centre fulfils the requirements of a locality hub for the new North Yorkshire Council.


Status	Risk Score	Risk Title	Description	Risk Owner
	6	<b>Systems and Technology</b> (SDC_CRR_014)	<b>Lack of investment in the right technology and systems.</b>	<b>Head of Business Development and Improvement</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>• Failure to invest/keep up to date</li> <li>• Lack of knowledge to specify what we need</li> <li>• Fraud - internal theft of data or sabotage of system/data</li> <li>• Lack of training</li> <li>• Poor implementation</li> <li>• Policies not up to date</li> <li>• Not utilising fully</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• System fails - cannot deliver (or less than optimal)</li> <li>• Fraud or financial impact</li> <li>• ICO action/fine</li> <li>• Wasted money/resources</li> <li>• Loss of critical data</li> <li>• Reputational damage and/or undefendable claims</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Digital Strategy 2018/20 and Implementation Plan with focus on:</li> <li>• Digital customers – channel shift/self-service and meeting changing expectations</li> <li>• Digital workforce – using technology to transform how</li> <li>• Digital foundations – maintaining modern, secure systems and infrastructure and strengthening governance and resilience</li> <li>• IT investment - with 10 year plan - aligned to business needs and requirements (Digital Strategy).</li> <li>• Programme supported by clear business cases and benefit realisation reports.</li> <li>• Robust business continuity and disaster recovery arrangements.</li> <li>• Continue to maximise opportunities for partnership working – e.g. through Better Together - which will deliver on shared ICT resources.</li> </ul>		

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>No change to risk score</p> <p>BT arrangement with NYCC to provide IT infrastructure support renewed until June 2023.</p> <p>Microsoft 365 project complete - including extensive SharePoint and Teams training and enhanced security.</p> <p>Continue to ensure we are on the most up to date versions of software.</p> <p>PSN Certificate renewed February 2022.</p> <p>Engaging fully with LGR IT workstream.</p>	<p>January 2023</p>

Status	Risk Score	Risk Title	Description	Risk Owner
	4	<b>Information Governance/Data Protection</b> (SDC_CRR_013)	<b>Non-compliance with the Freedom of Information and General Data Protection Regulation acts.</b>	<b>Chief Finance Officer</b>
<b>Causes</b>		<ul style="list-style-type: none"> <li>• ineffective and/out of date policies</li> <li>• staff not aware and/or trained</li> <li>• ineffective communication</li> <li>• lack of an Information Asset Register and associated roles and responsibilities</li> </ul>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Loss or inappropriate use of personal data and information</li> <li>• Damaged reputation</li> <li>• Financial penalty</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Information governance action plan delivered to agreed timescales, including - policies and systems in place; training provided to officers and members</li> <li>• Breaches recorded, monitored and followed up</li> </ul>		

Page 67	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>
<b>Notes</b>			<b>Review Date</b>
<p>No change to risk score.</p> <p>Mandatory training brought up to date for the majority of staff.</p>			January 2023

Status	Risk Score	Risk Title	Description	Risk Owner
	3	<b>Failure in Corporate Governance Arrangements</b> (SDC_CRR_001)	<b>The Council's governance and transparency of decision making is not effective and does not align with the Council's required flexibility to adapt.</b>	<b>Solicitor to the Council</b>
<b>Causes</b>		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.	<b>Consequences</b>	<ul style="list-style-type: none"> <li>• Councillors and managers may make decisions outside their accountability.</li> <li>• The Council will be vulnerable to legal challenges and ombudsman complaints with attendant costs, consequences and reputational damage.</li> <li>• Budgets may be overspent and outcomes may not improve.</li> </ul>
<b>Controls or Mitigating Actions in Place</b>		<ul style="list-style-type: none"> <li>• Constitution reviewed regularly including rules on decision making, access to information rules, contract procedure rules and financial procedure rules.</li> <li>• Governance training programme delivered for management team</li> </ul>		

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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>3</p>	<p>Likelihood</p> <p>Impact</p> <p>3</p>	
<b>Notes</b>			<b>Review Date</b>
No change to risk profile from previous assessment.			January 2023





**Report Reference Number: A/22/15**

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**To: Audit and Governance Committee**  
**Date: 25 January 2023**  
**Status: Non-Key Decision**  
**Ward(s) Affected: All**  
**Author: Karen Iveson; Chief Finance Officer (s151)**  
**Lead Executive Member: Cllr Cliff Lunn, Lead Member for Finance and Resources**  
**Lead Officer: Karen Iveson; Chief Finance Officer (s151)**

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**Title: Annual Governance Statement 2021/22 – Action Plan Review**

**Summary:**

To review progress on the Annual Governance Statement (AGS) 2021/22 Action Plan approved in October 2022.

**Recommendations:**

**It is recommended that progress against the Action Plan for the Annual Governance Statement for 2021/22 be noted.**

**Reasons for recommendation**

To ensure the necessary actions have been carried out in accordance with the approved Annual Governance Statement and action plan.

**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”.

**1.3** To meet the requirement to review the AGS an Action Plan has been agreed and is subject to half yearly review by the Audit and Governance Committee.

## **2. The Report**

**2.1** The present Action Plan for review is attached as Appendix A. Significant progress against the approved action plan has been made, with Performance Development Review (PDR) completion rates now at 92%.

**2.2** Actions to encourage remaining outstanding PDRs continue.

## **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 – AGS 2021/22 Action Plan Progress Update January 2023

***Contact Officer:***

**Karen Iveson, Chief Finance Officer (and s151);**  
**[kiveson@selby.gov.uk](mailto:kiveson@selby.gov.uk)**  
**01757 292056**

**APPENDIX A**

<b>Issue Identified</b>	<b>Source of Evidence</b>	<b>Update/Summary of Action Taken &amp; Proposed</b>	<b>By whom &amp; By when</b>	<b>Current Position</b>
Performance Management	Internal Audit Report	<p>HR to undertake QA review of sample of PDRs.</p> <p>Return rate of PDRs to be monitored &amp; all PDRs reviewed and returned to manager if not complete.</p> <p>Training plan to be completed promptly following PDR process.</p>	<p>Head of Business Development and Improvement</p> <p>Ongoing work still required throughout 2022-23.</p>	<p>Recognising the low PDR completion rates in 2021, a significant push was undertaken in late 2022 to encourage managers to complete and return PDRs.</p> <p>To support this and recognise the significant challenges managers and staff are facing in terms of capacity and LGR, a simplified and streamlined template was provided to managers. This new form was developed in line with the direction of the LGR OD workstream.</p> <p>As of 17 January 2023, 92% of eligible PDRs have been completed and returned. This is a significant improvement on recent years and hugely impressive given the context.</p> <p>Outputs from the PDR process will be fed into training planning for the new council.</p>

# Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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of the Local Government Act 1972.

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