



Meeting: **AUDIT AND GOVERNANCE COMMITTEE**
Date: **WEDNESDAY 27 September 2017**
Time: **5.00PM**
Venue: **COMMITTEE ROOM**
To: **Councillors M Jordan (Chair), I Reynolds (Vice Chair),
K Arthur, Mrs J Chilvers, B Marshall, Mrs M McCartney and
B Sage.**

Agenda

1. Apologies for absence

2. Disclosures of Interest

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

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

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

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

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

3. Minutes

To confirm as a correct record the minutes of the Audit and Governance Committee held on 26 July 2017 (pages 5 to 10 attached).

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

5. Audit Action Log

To review the Audit Action Log (page 11 to 12 attached).

6. Audit and Governance Work Programme

To note the current Work Programme and consider any amendments (pages 13 to 16 attached).

7. Internal Audit and Counter Fraud Progress Report (A/17/14)

To receive the report of the Audit Manager, which asks the Committee to note the progress update in relation to internal audit and counter fraud work undertaken in the current financial year (pages 17 to 36 attached).

8. External Annual Audit Letter (A/17/15)

To consider the External Audit Letter (pages 37 to 52 attached).

9. External Audit Progress Report (A/17/16)

To consider the External Audit Progress Report (pages 53 to 64 attached).

10. Local Government Ombudsman Annual Review Letter 2016/17 (A/17/17)

To receive the report from the Solicitor to the Council, which asks Councillors to note the Local Government Ombudsman's Annual Review Letter 2017 for Selby District Council, and provide any comments to be considered by the Leadership Team (pages 65 to 76 attached).

11. 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.

12. Standards Investigation (A/17/18)

To receive an update from the Monitoring Officer in relation to a standards issue and to note the content of the report (pages 77 to 79 attached).

**Gillian Marshall
Solicitor to the Council**

For enquiries relating to this agenda please contact Alice Courtney,
Democratic Services Officer. Tel: 01757 292352. Email:
acourtney@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.

Minutes

Audit and Governance Committee

Venue:	Committee Room
Date:	Wednesday 26 July 2017
Time:	5.00 pm
Present:	Councillors M Jordan (Chair), I Reynolds (Vice Chair), Mrs J Chilvers, B Marshall, Mrs M McCartney, B Sage and Mrs D White (sub for K Arthur).
Apologies:	Councillor K Arthur (substitute Mrs D White).
Officers present:	Karen Iveson, Chief Finance Officer (s151); Mark Kirkham, Partner, Mazars LLP; Gavin Barker, Manager, Mazars LLP; Peter Williams, Head of Finance; Ed Martin, Senior Auditor, Veritau; Dan Spiller, Auditor, Veritau; Alice Courtney, Democratic Services Officer and Daniel Maguire, Democratic Services Officer.
Public:	0
Press:	0

2. DISCLOSURES OF INTEREST

There were no disclosures of interest.

3. MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 19 April 2017 and the meeting held on 14 June 2017 which was inquorate.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 19 April 2017 and the meeting held on 14 June 2017 which was inquorate.

4. CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

The Chair welcomed members of the Committee and Officers to the meeting, giving special thanks and appreciation to Daniel Maguire, Democratic Services Officer for his work prior to leaving the organisation.

5. AUDIT ACTION LOG

The Committee reviewed the Audit Action Log. It was noted that the ICT report had been circulated to the Committee and therefore that action was noted as complete.

RESOLVED:

To note the Audit Action Log.

Note – Councillor I Reynolds entered the room at this point in the meeting.

6. AUDIT AND GOVERNANCE WORK PROGRAMME

The Committee considered the current Committee work programme. There were no comments or amendments.

RESOLVED:

To note the Work Programme.

7. RISK MANAGEMENT ANNUAL REPORT 2016/17 (A/17/6)

The Committee received the report, presented by the Chief Finance Officer who highlighted that the Corporate Risk Register and Service Based Risk Registers had been updated, and explained that officers would continue to look at how to improve the monitoring and reporting of risk management.

Members of the Committee highlighted the usefulness of the training/briefing sessions that preceded meetings of the Committee.

RESOLVED:

To note the report.

8. REVIEW OF THE CORPORATE RISK REGISTER (A/17/7)

The Committee received the report, presented by the Chief Finance Officer who highlighted that the Corporate Risk Register would be continually updated.

In response to a query from the Chair about the risk in relation to senior management on the Corporate Risk Register, the Chief Finance Officer advised that the Council's governance arrangements would be kept under review.

The Chair commented on the importance of the risk relating to adequately responding to Civil Emergencies on the Corporate Risk Register, in light of recent Civil Emergencies across the country, and requested that this item remain on the register.

The Committee was satisfied that the content of the register meant that officers were considering the right risks.

RESOLVED:

To endorse the actions of Officers in furthering the progress of risk management.

9. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT (A/17/8)

The Committee received the report, presented by the Senior Auditor.

The Committee queried what training and policies were in place regarding Information Security, as they had highlighted members of staff leaving their computers unlocked. The Senior Auditor highlighted the need for officers to encourage their colleagues to lock their computers while they were away from their desks. The Chief Finance Officer explained that the issue was taken seriously and on-going action to embed data security would continue but also reassured the Committee that the office was a secure environment.

The Senior Auditor highlighted an amendment to Appendix A of the report on page 51 where the General Ledger status should have been recorded as substantial as opposed to reasonable.

The Committee questioned the issue of revised dates if an audit report target was not met. The Senior Auditor gave reasons for revised dates and noted that if the revised date was deemed reasonable then it would be agreed. The Chief Finance Officer added that quarterly Audit reporting to the Leadership Team takes place to hold Heads of Service to account.

The Chair queried the 'No Opinion Given' status of the Project Management Audit. The Senior Auditor highlighted that this status was due to the scope of the report and explained that it was proposed that there would be a mid-term review of the Annual Governance Statement at the January meeting.

In response to a query on counter-fraud rejected referrals, the Senior Auditor explained that the situation occurred in cases when initial enquiries had proven the original referrals incorrect, and that he would forward any extra information on this to the Chief Finance Officer and Democratic Services.

RESOLVED:

I. To note the report.

- II. **To amend the Work Programme to include a mid-term review of the Annual Governance Statement in January.**
- III. **To ask the Senior Auditor to forward any extra information on counter-fraud referral rejections to the Chief Finance Officer and Democratic Services, so that they can be circulated to the Committee**

10. INTERNAL AUDIT CHARTER (A/17/9)

The Committee received the report, presented by the Senior Auditor who highlighted that the tracked changes helped to highlight changes made to the charter. The Senior Auditor explained that a number of changes had been made to the internal audit charter and that these changes were necessary to comply with the revised Public Sector Internal Audit Standards (PSIAS). The revised internal audit charter had been circulated with the agenda and included all the relevant changes.

RESOLVED:

To approve the revised Internal Audit Charter.

11. EXTERNAL AUDIT PROGRESS REPORT (A/17/10)

The Committee considered the report, presented by the Manager, Mazars LLP, who noted that the report was slightly out of date as it was intended for the previous Committee meeting.

RESOLVED:

To consider the report.

12. EXTERNAL AUDIT COMPLETION REPORT (A/17/11)

The Committee received the report, presented by the Manager, Mazars LLP, who highlighted that the report summary would normally be presented in September, however presenting it in July was a positive reflection of the Council having a good Statement of Accounts and responding well so that the report could be finalised sooner. The Manager, Mazars LLP praised the excellent work of officers for their assistance with the Audit.

In reference to risks relating to the 'Management override of control' and 'Pension Entries', the Manager, Mazars LLP explained that there were no risks found and that there had been no significant matters or significant difficulties encountered in completing the audit.

The Committee also made the following comments:

- The Committee suggested that there had been a housing discrepancy for a number of years that needed addressing. The Chief Finance Officer assured the Committee that there was a highly detailed asset register and agreed to respond directly to Councillors.
- The Committee raised concern that Council properties were being left vacant for a considerable period following the death of a tenant. The Chief Finance Officer agreed to follow this up with the Legal Team.
- The Committee highlighted three asbestos garages in Barlby, and the Chief Finance Officer agreed to investigate the matter.

RESOLVED:

- I. **To consider the report.**
- II. **To ask the Chief Finance Officer to follow up with the Legal Team on the vacant period of Council housing following the death of a tenant.**
- III. **To ask the Chief Finance Officer to investigate three asbestos garages in Barlby.**

13. ANNUAL GOVERNANCE STATEMENT (A/17/12)

The Committee received the Annual Governance Statement, presented by the Chief Finance Officer, who highlighted that the two actions outlined on page 266 of the report were now fully resolved. These were issues relating to payment of creditors and payroll reconciliation.

RESOLVED:

To approve the Annual Governance Statement.

14. STATEMENT OF ACCOUNTS 2016/17 (A/17/13)

The Committee received the Statement of Accounts, presented by the Chief Finance Officer, who highlighted a variance saving of £411000 which had come from savings in employee and travel costs, housing benefits and higher planning fee income as detailed on page 146 of the report. The Committee approved the Statement of Accounts.

RESOLVED:

To approve the Statement of Accounts.

The meeting closed at 6.32 pm.



Audit and Governance Committee: Action Log 2016-17

Record of progress on resolutions and action points

Date	Minute number and subject	Resolution / Action Point	Update(s)	Officer(s)	Status
28 Sep 2016	22 - Internal Audit Progress Report	Request that future reports included a summary table showing the progress of audits and agreed actions.	Veritau will look at displaying the information in a convenient format.	KI / Veritau	In progress
18 Jan 2017	32 - Progress update following the ICT disaster recovery report	Request that officers circulate the final ICT Disaster Recovery Plan to the Committee.	Reports were circulated to the Committee at the end of April.	SR	Completed
26 Jul 2017	9 - Annual Report of the Head of Internal Audit	To ask the Senior Auditor to forward any extra information on counter-fraud referral rejections to the Chief Finance Officer and Democratic Services, so that they can be circulated to the Committee.	Information was circulated to the Committee at the beginning of August.	KI / DSO	Completed
26 Jul 2017	12 - External Audit Completion Report	To ask the Chief Finance Officer to follow up with the Legal Team on the vacant period of Council housing following the death of a tenant	Information was circulated to the Committee in mid-September.	KI	Completed
26 Jul 2017	12 - External Audit Completion Report	To ask the Chief Finance Officer to investigate three asbestos garages in Barlby.	Information was circulated to the Committee in mid-September.	KI	Completed

Officers:

KI - Karen Iveson, Chief Finance Officer

GM - Gillian Marshall, Solicitor to the Council

JR - June Rothwell, Head of Operational Services

SR - Stuart Robinson, Head of Business Improvement and Development



Audit Committee Work Programme 2017/18

Date of Meeting	Topic	Action Required
<i>All meetings will be preceded by a training / briefing session for Councillors. These sessions will start 30 minutes before the meeting.</i>		
14 June 2017	Meeting start times	To agree the start time of Audit and Governance Committee meetings for 2017/18
	Review of Action Log	To consider the latest Action Log
	Annual Report of the Head of Internal Audit 2016/17	To consider the Annual Report of the Head of Internal Audit 2016/17
	Internal Audit Charter	To review the Internal Audit Charter
	External Audit Progress Report	To review the progress of the external auditor
	Risk Management Annual Report 2016/17	To consider the Risk Management Annual Report for 2016/17
	Corporate Risk Register	To review the Corporate Risk Register.
	Consideration of internal audit reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'.

26 July 2017	Review of Action Log	To consider the latest Action Log.
	External Audit Completion Report	To receive the Audit Completion Report from the external auditors
	Statement of Accounts 2016/17	To approve the Statement of Accounts 2016/17
	Internal Audit Report	To review progress against the Internal Audit Plan
	Annual Governance Statement 2016/17	To approve the Annual Governance Statement 2016/17
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'.

27 September 2017	Review of Action Log	To consider the latest Action Log.
	Local Government Ombudsman Annual Review Letter 2016/17	To receive the Local Government Ombudsman Annual Review Letter 2016/17
	Counter Fraud Annual Report	To receive the Counter Fraud Annual Report
	Internal Audit Report	To review progress against the Internal Audit Plan
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'.

17 January 2018	Review of Action Log	To consider the latest Action Log
	Information Governance Annual Report 2017	To approve the Information Governance Annual Report
	Annual Audit Letter 2017	To review the Annual Audit Letter 2017
	External Audit Progress Report	To review the progress of the external auditor
	Risk Management Strategy	To review the Risk Management Strategy
	Corporate Risk Register	To review the Corporate Risk Register
	Internal Audit Report	To review progress against the Internal Audit Plan
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'.
	Mid-term review of Annual Governance Statement	To review the Annual Governance Statement

18 April 2018	Review of Action Log	To consider the latest Action Log.
	Audit Strategy Memorandum	To review the external Audit Strategy
	External Audit Progress Report	To review the progress of the external auditor
	Internal Audit Report	To review progress against the Internal Audit Plan
	Internal Audit Plan 2018/19	To approve the Internal Audit Plan 2018/19
	Constitutional Amendments	To consider any proposed amendments to the Constitution.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'.
	Annual Report 2017/18	To approve the 2017/18 Annual Report of the Audit and Governance Committee
	Work Programme 2018/19	To approve the 2018/19 Audit and Governance Committee Work Programme for 2018/19

Public Session

Report Reference Number: A/17/14

Agenda Item No: 7

To: Audit and Governance Committee
Date: 27 September 2017
Author: Phil Jeffrey; Audit Manager (Veritau)
Jonathan Dodsworth; Counter Fraud Manager (Veritau)
Lead Officer: Karen Iveson; Chief Finance Officer (s151 Officer)

Title: Internal Audit and Counter Fraud Progress Report 2017/18

Summary:

The purpose of the report is to provide an update on progress made in delivering the internal audit workplan for 2017/18, and to summarise the findings of recent internal audit work. The report also updates the committee on counter fraud work undertaken in the current financial year.

Recommendations:

It is recommended that the Committee note the report.

Reasons for recommendation

To support the work of the Committee in monitoring internal audit and scrutinising and monitoring control systems.

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 and Counter Fraud plan for 2017/18 at its meeting held on 19 April 2017. The purpose of this report is to inform Members of the progress made to date in delivering the 2017/18 plan and to summarise the outcomes of internal audit reviews.

2. The Report

- 2.1 Details of internal audit and counter fraud work undertaken in 2017/18 are included in the report attached at Appendix 1.
- 2.2 Veritau carries out its work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3 There is no direct linkage to any of the Council's Priorities, as internal audit and counter fraud are support services, providing assurance on corporate governance arrangements, internal control and risk management to the Council's managers in respect of their services, and specifically to the Council's S151 Officer on financial systems. And support and advice on counter fraud arrangements and investigations services.

3. Legal/Financial Controls and other Policy matters

- 3.1 Legal Issues
 - 3.1.1 There are no legal issues.
- 3.2 Financial Issues
 - 3.2.1 There are no financial issues.

4. Conclusion

- 4.1 At the time of drafting this report, there are six 2017/18 audits in progress. Five reports (including four 2016/17 audits) are currently at draft report stage. No reports have been finalised since the last report to this committee, however 61% of planned work is either complete or in progress (as at 14.9.17). It is anticipated that the target to complete 93% of the audit plan will be exceeded by the end of April 2018 (the cut off point for 2017/18 audits).
- 4.2 Up to 31 July, the fraud team achieved £12k in savings for the council as a result of investigative work. There are currently 14 ongoing investigations.

5. Background Documents

SDC Internal Audit and Counter Fraud Plan 2017/18

Contact Officer: *Phil Jeffrey; Audit Manager; Veritau*
Phil.jeffrey@veritau.co.uk
01904 552926/01757 292281

*Jonathan Dodsworth; Counter Fraud Manager;
Veritau*

Jonathan.Dodsworth@veritau.co.uk
01904 552947

*Richard Smith; Deputy Head of Internal Audit;
Veritau*
Richard.smith@veritau.co.uk

Appendices: - Appendix 1 – Internal Audit & Counter Fraud
Progress Report 2017/18



Selby District Council

Internal Audit and Counter Fraud Progress Report 2017/18



Audit Manager:	Phil Jeffrey
Counter Fraud Manager:	Jonathan Dodsworth
Deputy Head of Internal Audit:	Richard Smith
Head of Internal Audit:	Max Thomas
Date:	27 th September 2017

Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). The Head of Internal Audit is required to regularly report progress on the delivery of the internal audit plan to the Audit and Governance Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members approved the 2017/18 Internal Audit and Counter Fraud Plan at their meeting on the 19th April 2017. The total number of planned days for 2017/18 is 480. The performance target for Veritau is to deliver 93% of the agreed Audit Plan by the end of the year. This report summarises the progress made in delivering the agreed plan.

Internal Audit Work Carried Out 2017/18

- 3 A summary of the audit work completed in the year to date is attached at Annex A.
- 4 Veritau officers are involved in a number of other areas relevant to corporate matters:
 - **Support to the Audit and Governance Committee;** this is mainly ongoing through our support and advice to Members. We also facilitate the attendance at Committee of managers to respond directly to Members' questions and concerns arising from audit reports and the actions that managers are taking to implement agreed actions.
 - **Contractor Assessment;** this work involves supporting the assurance process by using financial reports obtained from Experian (Credit Agency) in order to confirm the financial suitability of potential contractors.
 - **Risk Management;** Veritau facilitate the Council's risk management process and provide support, advice and training in relation to risk management.
 - **Systems Development;** Veritau attend development group meetings in order to ensure that where there are proposed changes to processes or new ways of delivering services, that the control implications are properly considered.
- 5 An overall opinion is given for each of the specific systems under review.
- 6 The opinions used by Veritau are provided below:

High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control

environment is in operation but there are a number of improvements that could be made.

Limited Assurance

Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.

No Assurance

Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

7 The following priorities are applied to individual actions agreed with management:

Priority 1 (P1) – A fundamental system weakness, which represents unacceptable risk to the system objectives and requires urgent attention by management.

Priority 2 (P2) – A significant system weakness, whose impact or frequency presents risk to the system objectives, which needs to be addressed by management.

Priority 3 (P3) – The system objectives are not exposed to significant risk, but the issue merits attention by management.

8 A total of 75 agreed actions from 2015/16 audits have been followed up with the responsible officer. Of these, 67 had been satisfactorily implemented. In a further 8 cases, the actions had not been implemented by the target date but a revised date was agreed and will be followed-up after the revised target date. For the remaining 2 actions agreed in 2015/16 audits, follow up work is still in progress. A summary of this follow up work is included below:

2015/16 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	67	0	36	31
Revised date agreed	8	0	7	1
Follow up in progress	2	0	0	2
Not yet followed up	0	0	0	0
Total agreed actions	77	0	43	34

9 A total of 29 agreed actions from 2016/17 audits have been followed up with the responsible officers. 25 had been satisfactorily implemented. In a further 4 cases, the actions had not been implemented by the target date but a revised date was agreed and will be followed-up after the revised target date. The remaining 19 actions agreed in 2016/17 audits have not yet been followed up either because the target dates have not yet passed or because follow up work is still in progress. A summary of this follow up work is included below:

2016/17 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	25	1	9	15
Revised date agreed	4	0	3	1
Follow up in progress	2	0	0	2
Not yet followed up	17	0	9	8
Total agreed actions	48	1	21	26

- 10 At the time of drafting this report there are six 2017/18 audits in progress. Five reports (including four 2016/17 audits) are currently at draft report stage. No reports have been finalised since the last report to this committee, however 61% of planned work is either complete or in progress (as at 14.9.17). It is anticipated that the target to complete 93% of the audit plan will be exceeded by the end of April 2018 (the cut off point for 2017/18 audits).

Counter Fraud Work

- 12 Veritau provide the Council's counter fraud service. The counter fraud team investigate a range of fraud against the authority, including housing fraud, council tax fraud, council tax support fraud, and internal fraud issues.
- 13 Up to 31 July, the fraud team achieved £12k in savings for the Council as a result of investigative work. There are currently 20 ongoing investigations. The team recently achieved the Council's first prosecution for council tax discount and council tax support fraud.
- 14 A full summary of counter fraud activity is included in Annex B.

Annex A

2017/18 audit assignments status

Audit	Status ¹	Audit Committee
<u>Corporate Risk Register</u>		
ICT Governance	In progress	
Organisational Development	Not started	
Programme for Growth	In progress	
Savings Delivery	Not started	
<u>Financial Systems</u>		
Benefits	Not started	
Council Tax/NNDR	In progress	
Creditors	In progress	
Debtors	Not started	
Housing Rents	In progress	
Income and Receipting	Not started	
Payroll	Not started	
<u>Regularity / Operational Audits</u>		
Agency Staff	Not started	
Governance Arrangements	Not started	
Housing Development	Not started	
Insurance	In progress	
Performance Management	Not started	
Planning	Not started	
Section 106 Agreements / CIL	Draft report issued	
<u>Technical / Project Audits</u>		
Business Transformation	Not started	
Contract Management and Procurement	Not started	
Information Security	Not started	
PCI DSS	Not started	
Project Management	Not started	

Audits reported previously: progress against key agreed actions

Audit	Agreed Action	Priority rating	Responsible Officer	Due	Notes
Information Security Checks (2015/16)	An action plan will be produced to address the information security weaknesses identified in the report. This will include reminders to staff on maintaining information security and arrangements to ensure sufficient secure storage is available where needed within the Civic Centre.	2	Solicitor to the Council	31 Jan 2016	A high level action plan was included as part of the Information Governance Annual Report 2015/16 presented to Audit & Governance Committee in January 2017. This action is currently ongoing and a revised date has been agreed accordingly. Revised date of 31 Dec 2017.
ICT – Disaster Recovery (2015/16)	The new ICT Disaster Recovery Plan will include provision for a number of system restoration tests over the period of the agreement. SDC will determine and document the degree of testing of wider contingency arrangements which it deems sufficient, such as replacement premises, equipment etc.	2	Head of Business Development & Improvement	31 Dec 2016	Completed - The agreed NYCC and SDC DR Plan includes quarterly provision for system restoration tests over the period of the agreement.
Information Governance	A policy review schedule will be drawn up for all information governance policies to	2	Solicitor to the Council	30 Nov 2016	A high level action plan was included as

(2015/16)	be reviewed and, where required, updated. The data protection policy will be reviewed as a priority.				part of the Information Governance Annual Report 2015/16 presented to Audit & Governance Committee in January 2017. A revised timescale for this action was included in the plan. Revised date of 31 Dec 2017.
Information Governance (2015/16)	A communications plan will be developed to refresh awareness of existing policies and to give regular reminders to staff on information governance issues.	2	Solicitor to the Council	30 Nov 2016	Completed – an ongoing plan to provide information on information governance issues and policies is provided to staff via screens in the Civic Centre. In addition, it is now included in the induction process and performance reviews.
Information Governance (2015/16)	The asset register will be reviewed and updated. This will include updating Information Asset Owner (IAO) responsibilities to reflect the new organisational structure.	2	Solicitor to the Council	30 Nov 2016	A high level action plan was included as part of the Information Governance Annual Report 2015/16 presented to Audit &

	Job descriptions will be reviewed and responsibilities will be included for all roles who act as IAOs, as well as the Senior Information Risk Owner (SIRO) and Solicitor to the Council.				Governance Committee in January 2017. A revised timescale for this action was included in the plan. Revised date of 31 Dec 2017.
Information Governance (2015/16)	In reviewing and refreshing the information asset register IAOs will refer to the information risk management policy. Information risks will be considered by all services and significant risks identified through this process will be included in the service based risk registers.	2	Solicitor to the Council	30 Nov 2016	A high level action plan was included as part of the Information Governance Annual Report 2015/16 presented to Audit & Governance Committee in January 2017. A revised timescale for this action was included in the plan. Revised date of 31 Dec 2017.
Information Governance (2015/16)	A privacy notice will be written that applies to information collected across a range of council functions and this will be made available on the Council website. The review of the information asset register will identify the types of information held and how it is used. This will be used to determine which areas	2	Solicitor to the Council	30 Nov 2016	A high level action plan was included as part of the Information Governance Annual Report 2015/16 presented to Audit & Governance Committee in January

	need specific privacy notices covering the information they hold and in which areas it is sufficient to refer to the privacy notice available on the website.				2017. A revised timescale for this action was included in the plan. Revised date of 30 Sep 2017.
Information Governance (2015/16)	The review of the information asset register (IAR) will identify information being shared with other organisations. IAOs will be asked to confirm whether all decisions to share information are recorded and that data sharing agreements are in place. Data sharing agreements will be drawn up under the Multi Agency Information Sharing Protocol (MAISP) where required.	2	Solicitor to the Council	30 Nov 2016	A high level action plan was included as part of the Information Governance Annual Report 2015/16 presented to Audit & Governance Committee in January 2017. This action is currently ongoing and a revised date has been agreed accordingly. Revised date of 31 Dec 2017.
Information Governance (2015/16)	A consolidated corporate records retention and disposal schedule will be drawn up in line with the document retention policy. This will apply to all records held and in all formats and will be made available throughout the organisation.	2	Solicitor to the Council	30 Nov 2016	A high level action plan was included as part of the Information Governance Annual Report 2015/16 presented to Audit & Governance Committee in January 2017. A revised

					timescale for this action was included in the plan. Revised date of 30 Sep 2017.
Sundry Debtors (2016/17)	Management will look to review and renegotiate the server hosting SLA between Richmondshire District Council and Selby District Council, taking into account the matters raised in this audit.	2	Chief Finance Officer	30 Sep 2017	Due 30 September 2017
General Ledger (2016/17)	Finance to continue with the training and support for budget manager where needed. Heads of Service will take the lead for ensuring that budget ownership is managed within services.	2	Heads of Service & Head of Finance	30 Jul 2017	Completed - a full programme of Budget Manager training has been delivered and additional support has been provided to Heads of Service and Directors. As part of the newly defined Finance Business Partnering service, Finance Business Partners are now attending Heads of Service team meetings. This approach provides a focus for the support Budget Managers need but, importantly, facilitates their

					ownership of their business finances.
Council House Repairs (2016/17)	Procurement of the new housing management system is in progress. Once implemented, automated processes will replace the manual workaround (due to the housing management system not being linked to the finance system) and will enable all materials and jobs to be checked.	2	Head of Operational Services	30 Nov 2018	Due 30 November 2018
Council House Repairs (2016/17)	A new housing management system will be procured which includes the capacity to cost jobs and will be linked to the finance system.	2	Head of Operational Services	30 Nov 2018	Due 30 November 2018
Council House Repairs (2016/17)	Included in the specification for the new housing management system is the requirement for there to be job scheduling functionality. This functionality will be made available when the system is implemented.	2	Head of Operational Services	30 Nov 2018	Due 30 November 2018
Project Management (2016/17)	Develop corporate project and programme management framework to be used for all high risk, corporate projects. Framework to include governance arrangements.	2	Extended Leadership Team	30 Sep 2017	Due 30 September 2017
Project Management (2016/17)	Update project management guidance to be used for all projects across the Council – to cover all aspects of project management including, initiation, scoping, planning, resourcing, communicating, monitoring, management of risk and review.	2	Head of Business Development & Improvement	30 Sep 2017	Due 30 September 2017

Project Management (2016/17)	Rollout of training on the revised project management framework and guidance – commencing October 2017.	2	Head of Business Development & Improvement	31 Dec 2017	Due 31 December 2017
Information Security Checks (2016/17)	Any issues with availability of storage, broken locks or absence of keys and places to store keys to be identified and addressed so that all information is capable of being locked away.	2	Solicitor to the Council	30 Jun 2017	As part of the office move project an audit/inventory of desks and cupboards was undertaken and it will be ensured that the office move plans include ensuring lockable storage is provided as required. Revised date of 30 Sep 2017.
Information Security Checks (2016/17)	Responsibility for shared storage and rooms (e.g. archive room) to be made clear to ensure they are locked when not in use / at the end of the day.	2	Solicitor to the Council	30 Jun 2017	As part of the office move/police co-location there are plans to introduce swipe card access to the archive rooms to address this issue. Revised date of 30 Sep 2017.
PCI DSS (2016/17)	A compliance procedure document will be produced as an appendix to the Data Protection Policy. This will clearly identify the responsible officers for PCI DSS at the Council.	2	Data & Systems Team Leader	30 Sep 2017	Due 30 September 2017
PCI DSS	Data & Systems will investigate the	2	Data & Systems	31 Aug	Data & Systems are in

(2016/17)	opportunity to introduce a 'hosted payment page' on the website from a payment provider. This would eliminate card processing and storage on the Council's network.		Team Leader	2017	discussion with Northgate PARIS to remove the APACS server from the SDC network. This would mean that our card processing data will be out of scope and meet compliance. Revised date of 30 Sep 2017.
PCI DSS (2016/17)	Once the network has been reconfigured in line with the recommendations of the external consultant's report, the relevant self-assessment questionnaire will be completed and any remedial actions captured.	2	Data & Systems Team Leader	30 Sep 2017	Due 30 September 2017

ANNEX B - COUNTER FRAUD ACTIVITY 2017/18

The table below shows the total numbers of fraud referrals received and summarises the outcomes of investigations completed during the year.

	2017/18 (As at 31/7/17)	2016/17 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, and housing allocations blocked).	32%	44%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£11,987	£39,858
Amount of notional savings (estimated savings - e.g. housing tenancy fraud) identified through fraud investigation.	£400	£18,000

Caseload figures for the period are:

	2017/18 (As at 31/7/17)	2016/17² (Full Year)
Referrals received	37	187
Referrals rejected	19	30
Number of cases under investigation	15	38 ³
Number of investigations completed	22	81

² Work currently undertaken by the counter fraud team has changed from 2016/17. Debt recovery checks are no longer undertaken which can make comparison between the two years misleading. The number of referrals received and cases completed to date in 2017/18 represents an increase on the previous year.

³ As at 31/3/17

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	Council data required by the Cabinet Office for the 2016/17 National Fraud Initiative was gathered in October 2016 and securely transmitted via the NFI web application. Results from the data matching exercise have now been returned. There are 170 recommended matches to investigate covering a range of council services. Work on these matches is now underway.
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Council Tax Support fraud – To date the team has received 26 referrals for possible CTS fraud. Over £10,000 in savings have been made in the current financial year. Two people have been cautioned for CTS offences. There are currently 6 cases under investigation. The Council successfully prosecuted its first CTS fraud in September. • Council Tax/Non Domestic Rates fraud – 6 referrals for council tax or business rates fraud have been received in 2017/18. Almost £2,000 in savings have been produced to date. There are currently 5 cases under investigation. The Council successfully prosecuted its first Council Tax discount fraud in September. • Housing fraud – The team has received 7 referrals for investigation in the year. There are currently 4 ongoing investigations in this area. Veritau working alongside council officers and North Yorkshire Police conducted a search operation of two properties in the Selby area to support an investigation into illegal subletting. That property has now been returned to the

Activity	Work completed or in progress
	<p data-bbox="465 288 607 320">Council.</p> <ul data-bbox="421 392 2002 616" style="list-style-type: none"> <li data-bbox="421 392 2002 432">• Internal fraud – No internal fraud referrals have been received in 2017/18. <li data-bbox="421 496 2002 616">• Parking fraud – The team continues to work with the Council’s outsourced parking enforcement provider, Harrogate Borough Council, to detect and deter disabled blue badge fraud.
Fraud liaison	<p data-bbox="421 691 2002 850">In 2016 the Council’s remit to investigate and prosecute housing benefit fraud transferred to the Department for Work and Pensions (DWP). The counter fraud team now acts as a single point of contact for the DWP and is responsible for providing data to support their housing benefit investigations. The team has dealt with 60 requests to date in 2017/18.</p>

Public Session

Report Reference Number: A/17/15

Agenda Item No: 8

To: Audit and Governance Committee
Date: 27 September 2017
Author: Alice Courtney, Democratic Services Officer
Lead Officer: Karen Iveson, Chief Finance Officer

Title: External Annual Audit Letter

Summary:

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

Recommendations:

To consider the External Annual Audit Letter.

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 2017.

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 2017.

2.2 The report confirms that the audit was completed in accordance with the requirements of the Code of Audit Practice issued by the 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 2017/18.

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:

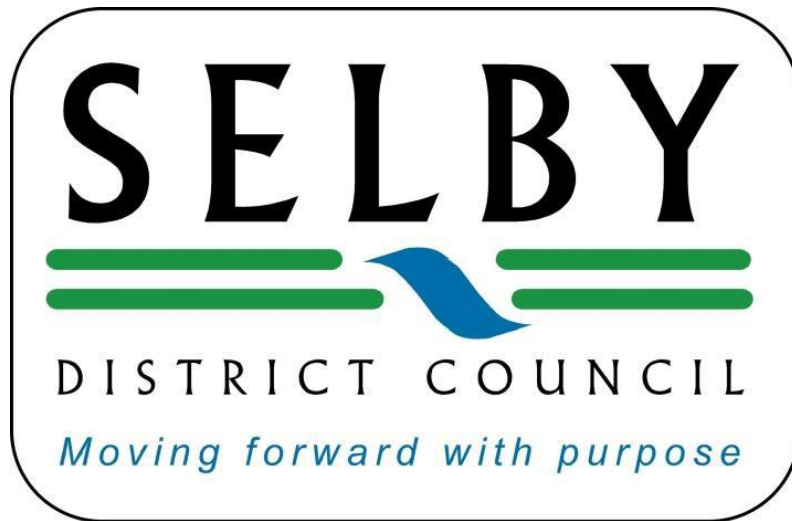
Alice Courtney, Democratic Services Officer
Ext: 42352
acourtney@selby.gov.uk

Appendices:

A – External Annual Audit Letter

Annual Audit Letter

Selby District Council



For the year ended 31 March 2017



Contents

Executive summary	3
Audit of the financial statements.....	4
Value for Money conclusion	7
Other reporting responsibilities	11
Our fees	12
Future challenges.....	13

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to Members or officers are prepared for the sole use of the Council and we take no responsibility to any Member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Executive summary

Purpose of this report

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Selby District Council ('the Council') for the year ended 31 March 2017. Although this letter is addressed to the Council, it is designed to be read by a wider audience including the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 ('the 2014 Act') and the Code of Audit Practice issued by the National Audit Office ('the NAO'). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of work	Summary
Financial statements opinion	<p>On 26 July 2017 we issued our opinion that:</p> <ul style="list-style-type: none"> the financial statements give a true and fair view of the Council's financial position as at 31 March 2017 and of its financial performance for the year then ended.
Opinions on other matters	<p>On 26 July 2017 we issued our opinion that:</p> <ul style="list-style-type: none"> the Narrative Report published with the financial statements, is consistent with those financial statements.
Value for Money conclusion	<p>On 26 July 2017 we issued our conclusion that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p>
Whole of Government Accounts	<p>In line with instructions issued by the NAO, we reported that the Council was below the threshold requiring a review of the WGA return this year.</p>
Matters that we report by exception	<p>We have not identified any matters to report in relation to:</p> <ul style="list-style-type: none"> whether the Annual Governance Statement is in line with our understanding of the Council and the requirements of the Delivering Good Governance in Local Government Framework 2016; reports in the public interest or written recommendations made under s24 of the 2014 Act; exercise of other powers under the 2014 Act.

As we have discharged all of our responsibilities under the 2014 Act for the 2016/17 audit, we certified the closure of the audit on 26 July 2017.

Audit of the financial statements

Financial statements opinion

Unqualified

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2017 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing for the UK and Ireland (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the view of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality (specific materiality) for those items of account that we expect to attract a higher level of public interest. We also set a threshold for reporting identified misstatements to the Audit and Governance Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2017:

Financial statement materiality	£788k
Specific materiality	We have applied a lower level of materiality to the following items of account: <ul style="list-style-type: none">• officers remuneration;• Members allowances;• related party transactions;• termination payments; and• Audit fees.
Trivial threshold	£24k

Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit and Governance Committee within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Significant risk	How we addressed the risk	Audit conclusion
<p>Management override of control</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such overrides could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work on:</p> <ul style="list-style-type: none"> • consideration and review of accounting estimates impacting on amounts included in the financial statements; • consideration and review of any unusual or significant transactions outside the normal course of business; and • journals recorded in the general ledger and other adjustments made in preparation of the financial statements. 	<p>Our work on the financial statements did not identify any manipulation of the financial position, and we did not identify any evidence of management override of controls.</p>
<p>Pension Entries</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and include estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	<p>We discussed with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we also:</p> <ul style="list-style-type: none"> • evaluated the management controls in place to assess the reasonableness of the figures provided by the Actuary; and • considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the NAO. 	<p>Our work confirmed that reasonable assumptions had been used by the actuary and the required pension entries have been reflected in your financial statements.</p>

Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

Valuation of Council dwellings in the balance sheet

Description of deficiency	<p>It has not been possible to agree the number of properties in the housing rents system to the financial asset register. For over 3,000 dwellings, there was a discrepancy of one property between the 2 data sources. For around 400 garages, there was a discrepancy of 10 garages. Officers have confirmed to us that the data in the rents system which is used to manage Council properties is accurate, and this issue relates only to data held in the Fixed Asset Register (FAR).</p> <p>Some errors were made uploading data supplied by the external valuer to the FAR (£191k of discrepancies relating to the classification of property types) which were subsequently corrected.</p>
Potential effects	<p>Although the impact of this issue is not material, it is important to ensure that the correct information is reflected in the financial statements, and ties in to the housing rental system.</p>
Recommendation	<p>The Council should ensure that accurate information is recorded in the FAR, and that this is reconciled to the housing rents system, and checks are made to ensure that data from the valuer is input to the FAR correctly.</p> <p>Timescale - End of December 2017</p>
Management response	<p>We accept the findings of this recommendation. We will put in place further controls to ensure that information on assets held in the Operational Asset Management System, specifically for Council Dwellings and Garages, are more effectively interfaced with the Financial Fixed Asset Register. These measures include prompt reconciliation of the two systems and early preparation of the financial Fixed Asset Register well in advance of 2017/18 financial year end.</p>

Value for Money conclusion

Value for Money conclusion	Unqualified
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Summary of our work

We are required to form a conclusion as to whether the Council made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

The following table provides commentary of our findings in respect of each of the sub-criteria and an indication as to whether proper arrangements are in place.

Sub-criteria	Commentary	Arrangements in place?
<p>Informed decision making</p> <p>Acting in the public interest, through demonstrating and applying the principles and values of sound governance.</p> <p>Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.</p> <p>Reliable and timely financial reporting that supports the delivery of strategic priorities.</p> <p>Managing risks effectively and maintaining a sound system of internal control.</p>	<p>The Council operates an Executive with a Leader model, and this is governed by a Constitution including the normal features of an effective governance framework in local government.</p> <p>The Council has a clear Corporate Plan that sets out its priorities, including to do business, to enjoy life and to make a difference. Key priorities for the Council include delivering affordable housing and promoting economic growth and development. Delivery of priorities is monitored in quarterly performance reports and in the Annual Report.</p> <p>New decisions are supported by reports that outline appropriate options and relevant considerations, including references to financial, legal and performance issues where appropriate.</p> <p>There is evidence of financial reporting being used to deliver strategic objectives, for example, through the Medium Term Financial Strategy and in allocating resources to priority areas such as the Programme for Growth. In addition, regular financial reporting takes place, with formal reporting quarterly to the Executive.</p> <p>Performance issues are included in reports where appropriate, and overall performance outcomes are monitored quarterly and also included in the Council's Annual Report.</p> <p>The Council has a risk management strategy and framework in place. The Council has refreshed its corporate risk register in 2016/17.</p> <p>The system of internal control is subject to Internal Audit and for 2016/17, Veritau, the Council's internal auditors, have given an opinion of reasonable assurance.</p> <p>An Audit and Governance Committee is in place to oversee the governance framework including the work of internal audit and approval of the Council's financial statements.</p> <p>The Annual Governance Statement includes a balanced assessment of the effectiveness of the Council's governance arrangements and identifies appropriate areas for further improvement, most notably around information governance and disaster recovery. It also highlights issues relating to duplicate payments and payroll reconciliations.</p>	<p>Yes</p>

Sub-criteria	Commentary	Arrangements in place?
<p>Sustainable resource deployment</p> <p>Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</p> <p>Managing and utilising assets effectively to support the delivery of strategic priorities.</p> <p>Planning, organising and developing the workforce effectively to deliver strategic priorities.</p>	<p>The Council has made good progress in addressing the financial challenges from public sector austerity and has a proven track record of strong budget management and delivering planned budget reductions.</p> <p>In recent years the Council has benefitted from an annual windfall in business rates income of £5.4m largely arising from renewables at the Drax power station. The Council is uncertain how long this windfall will continue and has set it aside for the Council's Programme for Growth initiative.</p> <p>In the 2017/18 budget, the Council has not assumed that the windfall will recur. The general fund budget has been set at £11.644m, with a small deficit of £377k to be funded from reserves.</p> <p>The Council decided to repay its Pension Fund deficit following the triennial actuarial revaluation of the North Yorkshire Pension Fund on 1 April 2016. The Council made a payment of £9.4m as an early repayment of the deficit in March 2017. This will generate an annual saving as a contribution towards the savings needed to balance the budget over the medium term.</p> <p>In the budget for the HRA a key factor in the next few years will continue to be the requirement to reduce rents by 1% per annum. The Council has still been able to set a budget for 2017/18 for the HRA which predicts a £1.2m surplus, although this will be required to support capital spending plans</p> <p>The Council has an Asset Management Strategy. There are good examples of the Council seeking to make best use of its assets with some key elements being part of the Better Together partnership with North Yorkshire County Council. More recently, North Yorkshire Police are co-locating with the District Council at the Civic Centre in Selby.</p> <p>Several years ago, the Council took steps to downsize its workforce and reorganise staff into wider roles. More recently, a senior management restructure has been undertaken to better align the workforce with the Council's priorities. This has included creating some targeted additional capacity in key areas, for example, to support economic growth and development, which is crucial to the Council's long term sustainability.</p>	<p>Yes</p>

Sub-criteria	Commentary	Arrangements in place?
<p>Working with partners and other third parties</p> <p>Working with third parties effectively to deliver strategic priorities.</p> <p>Commissioning services effectively to support the delivery of strategic priorities.</p> <p>Procuring supplies and services effectively to support the delivery of strategic priorities.</p>	<p>The Council works with a range of third parties. The Better Together partnership with North Yorkshire County Council is a strong example, with measures to date including shared telephony, an improved website, shared premises and shared services such as ICT.</p> <p>Another example is the commissioning of leisure services, including the opportunity presented by the new leisure village, through Wigan Leisure and Cultural Trust (WLCT).</p> <p>The Executive considers an annual review of the operation of the contract with WLCT. This considers the extent to which the contract contributes to wider strategic objectives around healthy lifestyles in the district.</p> <p>The Council has procurement procedures in place and maintains a contracts register. The Council seeks to achieve best value from the procurement process, driving savings where possible, but also aiming to deliver sustainable services. The largest contract is refuse collection and street scene (approximately £3.9m per annum). This contract was extended during 2016/17.</p>	<p>Yes</p>

Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not an audit risk to our Value for Money conclusion exists. Risk, in the context of our work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. We did not identify any significant audit risks for our VFM conclusion.

Other reporting responsibilities

Exercise of statutory reporting powers	No matters to report
Annual Governance Statement	No matters to report
Whole of Government Accounts consistency with the financial statements	Below the threshold requiring a review
Other information published alongside the financial statements	Consistent

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters which we report by exception

The 2014 Act provides us with specific reporting powers where matters come to our attention that require reporting to parties other than the Council. We have the power to:

- report in the public interest; and
- make statutory recommendations to the Council, which must be responded to publicly.

In addition we must respond to any objections or questions on items contained within the accounts raised by a local government elector. We did not receive any such objections or questions.

We are also required to report if, in our opinion, the Annual Governance Statement does not comply with the guidance issued by CIPFA in 'Delivering Good Governance in Local Government; Framework 2016' or is inconsistent with our knowledge and understanding of the Council.

We did not exercise any of our reporting powers during our 2016/17 audit and had no matters to report to the Council in relation to the Annual Governance Statement.

Reporting to the NAO in respect of Whole of Government Accounts

The NAO requires us to report to them whether consolidation data that the Council has submitted is consistent with the audited financial statements, and to undertake specified procedures on that data. The NAO only requires this work to be undertaken where values are above a threshold level. Selby District Council was below the threshold levels and consequently a WGA review was not required.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the information in the Narrative Report is consistent with the audited financial statements.

Our fees

Fees for work as the Council's appointed auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Audit and Governance Committee in April 2017.

Having completed our code audit work for the 2016/17 financial year, we can confirm that our final fees are as follows:

Area of work	2016/17 proposed fee	2016/17 final fee
Code audit work	£44,708	£44,708
Certification of Housing Benefit Subsidy Claim	£10,628	£10,628
Other non-Code work	£0	£0

Please note that our work on the Housing Benefit Subsidy Claim is not yet completed and consequently the final fee quoted above is still on an estimated basis.

We confirm that the fees are in line with the scale fees set by Public Sector Audit Appointments Ltd.

We also confirm that we have not undertaken any non-audit services for the Council in the year.

Selby and District Housing Trust

In the interests of transparency, we are reporting that we have been separately engaged to carry out an independent examination of the charity, Selby and District Housing Trust. This is not part of the Council, but it is a related party of the Council and the Council is represented on the Board.

Area of work	2016/17 proposed fee	2015/16 final fee
Independent Examination of Selby and District Housing Trust	£1,200	£1,200

Future challenges

Financial outlook

In recent years the Council has benefitted from an annual windfall in business rates income, largely arising from renewables at the Drax power station. The Council is uncertain how long this windfall will continue and has set it aside for the Council's Programme for Growth initiative. In the 2017/18 budget, the Council has not assumed that the windfall will recur. The general fund budget has been set at £11.644m, with a small deficit of £377k to be funded from reserves.

The Council decided to repay its Pension Fund deficit following the triennial actuarial revaluation of the North Yorkshire Pension Fund on 1 April 2016. The Council made a payment of £9.4m as an early repayment of the deficit in March 2017. This will generate an annual saving as a contribution towards the savings needed to balance the budget over the medium term.

In the budget for the HRA a key factor in the next few years will continue to be the requirement to reduce rents by 1% per annum. The Council has still been able to set a budget for 2017/18 for the HRA which predicts a £1.2m surplus, although this will be required to support capital spending plans

Operational challenges

The key challenges for the future include:

- making best use of the additional resources available for investment through the programme for growth, whilst delivering savings that will ensure services are sustainable over the medium term;
- delivering economic development objectives and enabling the supply of housing, including affordable housing; and
- positioning the district to achieve economic growth and prosperity.

How we will work with the Council

We will focus our 2017/18 audit on the risks that these challenges present to your financial statements and your ability to maintain proper arrangements for securing value for money. We will also share with you relevant insights that we have as a national and international accounting and advisory firm with experience of working with other public sector and commercial service providers.

We have worked successfully with your officers to bring forward the accounts and audit timetable ahead of the statutory requirement to do so. We will reflect on the experience this year and seek to make improvements so that the process is further improved for the 2017/18 financial year.

Our added value offer

Our primary responsibilities as the Council's external auditor are outlined in the main body of this report. As your external auditor we are ideally placed to provide added value in delivering those responsibilities and the diagram below provides a summary of how we do this.



Public Session

Report Reference Number: A/17/16

Agenda Item No: 9

To: Audit and Governance Committee
Date: 27 September 2017
Author: Alice Courtney, Democratic Services Officer
Lead Officer: Karen Iveson, Chief Finance Officer

Title: External Audit Progress Report

Summary:

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

Recommendations:

To consider the External Audit Progress Report.

Reasons for recommendation

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

1. Introduction and background

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

2. The Report

2.1 The report is attached at Appendix A, and sets out a summary of external audit work yet to be completed for the 2016/17 financial year, along with a summary of the planning work to be undertaken in relation to the 2017/18 external audit.

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

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

3. Legal/Financial Controls and other Policy matters

3.1 None.

4. Conclusion

4.1 The Committee is asked to consider the report.

5. Background Documents

None.

Contact Officer:

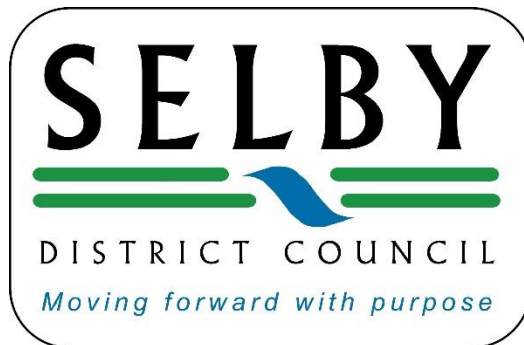
Alice Courtney, Democratic Services Officer
Ext: 42352
acourtney@selby.gov.uk

Appendices:

A – External Audit Progress Report

Audit Progress Report

Selby District Council



September 2017



Contents

Audit progress 3

National publications and other updates 4

Contact details 9

Audit progress

Purpose of this report

The purpose of this paper is to provide the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

This paper also seeks to highlight key emerging national issues and developments which may be of interest to members of the Audit and Governance Committee.

If you require any additional information regarding the issues included within this briefing, please contact any member of your engagement team.

Finally, please note our website address (www.mazars.co.uk) which sets out the range of work Mazars carries out, both within the UK and abroad. It also details the existing work Mazars does in the public sector.

2016/17 Audit

The 2016/17 audit was completed early this year, ahead of the statutory requirement to bring the timetable forward from next year.

An unqualified audit opinion and unqualified VFM conclusion was issued on 26 July 2017. The audit certificate formally closing the audit was also issued on that date.

We have now issued our Annual Audit Letter and this is a separate agenda item at this Committee meeting.

The only work remaining to be completed in relation to the 2016/17 financial year, is the certification of claims work in relation to housing benefits. The deadline for the completion of our housing benefits work is 30 November 2017. This work is progressing and we fully expect to meet the deadline.

2017/18 Audit

In the next quarter, we will begin our planning work in relation to the 2017/18 audit.

We will discuss with officers the lessons learned from experience of bringing the accounts and audit timetable forward this year, and discuss ways in which we can make further improvements to streamline the process. This will include identifying ways of carrying out audit work earlier to reduce the pressure of work in the period between the preparation of your financial statements (by 31 May) and the audit deadline (31 July).

We will also discuss with officers the current risks in relation to our audit opinion and the VFM conclusion, and this will begin to shape our Audit Strategy Memorandum for the 2017/18 audit.

National publications and other updates

National publications and other updates

1. Reality check: next steps in developing sustainability and transformation plans, CIPFA, April 2017
2. The levy, apprenticeships and the public sector, CIPFA, May 2017
3. Building financial resilience: managing financial stress in local authorities, CIPFA, June 2017
4. Procurement of audit services delivers outstanding results, Public Sector Audit Appointments Ltd, June 2017
5. Online Fraud, NAO, June 2017
6. Annual Regulatory Compliance and Quality Report 2016-17, Public Sector Audit Appointments Ltd, August 2017
7. Cyber security and information risk guidance for Audit Committees, NAO, September 2017
8. Homelessness, NAO, September 2017

1. Reality check: next steps in developing sustainability and transformation plans, CIPFA, April 2017

CIPFA summarises this ‘think piece’ as follows:

The NHS planning guidance set out the notion of sustainability and transformation plans (STPs) in 2015. The plans aimed to bring together local leaders in health, local government and patient representation to plan how services would become sustainable between 2016 and 2021.

The STPs would facilitate health service providers and local authorities working together to ensure that services are delivered across the whole of the local health and care economy and not lead by any particular organisation’s priorities. Forty four local areas were established and initial plans were to be submitted in February 2017.

The 44 STPs which form the basis for NHS planning in the coming years, and explicitly link it to social care, are all now public in their draft forms. What conditions are likely to be critical to success, and do the STPs suggest that those conditions are in place?

This Insight analyses the 44 STPs for the answer.

<http://www.cipfa.org/policy-and-guidance/reports/reality-check-next-steps-in-developing-sustainability-and-transformation-plans>

2. The levy, apprenticeships and the public sector, CIPFA, May 2017

CIPFA summarises this ‘think piece’ as follows:

The arrival of the apprenticeship levy has been heralded with a mixture of eager anticipation, dread and a lot of discussion. It is likely to be a while before we see the levy running smoothly and guidance will inevitably need to be regularly updated as the system becomes embedded.

The introduction of the apprenticeships levy sees both opportunities and risks for the public sector and only time will tell how successful the system proves to be. There will be winners and losers and the targets to be achieved may prove a challenge, but the levy certainly can’t be overlooked. Employers need to be aware of the options and ways to use the levy to develop a flexible and skilled workforce. CIPFA sees the levy as a further opportunity for widening access to the finance profession and providing a much needed platform to improve productivity in the economy.

This Insight provides background and introduction to what apprenticeships mean for the public sector.

<http://www.cipfa.org/policy-and-guidance/reports/the-levy-apprenticeships-and-the-public-sector>

3. Building financial resilience: managing financial stress in local authorities, CIPFA, June 2017

CIPFA summarises this 'think piece' as follows:

With health and social care finances under increasing pressure and little sign that the government can afford to pump in the additional resources which would be needed to maintain historic arrangements, the integration of health with social care has emerged as the great hope across all political parties.

However, local health and social care providers don't yet have a secure basis for medium-term planning, and without that there is a danger that the promising start represented by the Better Care Fund, devolution initiatives and pilots linked to the five-year forward plan for the NHS will be dissipated. This CIPFA Briefing looks at the conditions needed for integration to be successful.

<http://www.cipfa.org/policy-and-guidance/reports/building-financial-resilience-managing-financial-stress-in-local-authorities>

4. Procurement of audit services delivers outstanding results, June 2017

In June 2017, Public Sector Audit Appointments Limited (PSAA) reported the outcome of its national procurement of audit contracts for local government and related bodies that will run for five years from the 2018/19 audits, with an option to extend by a further two years. The procurement applied to those bodies which opted to be part of it, which included Selby District Council.

As part of the procurement, Mazars increased its national market share of this work from approximately 6% to 18%.

The other firms that were successful in winning market shares were Grant Thornton, EY, BDO and Deloitte.

The five current firms providing this work are Mazars, Grant Thornton, EY, BDO and KPMG.

PSAA estimated that the procurement pointed to a possible scale fee reduction of the order of 18% from 2018/19 audits. PSAA is currently consulting bodies on individual auditor appointments.

<http://www.psaa.co.uk/archive/press-release-procurement-of-audit-services-delivers-outstanding-results/>

5. Online Fraud, NAO, June 2017

Online fraud is now the most commonly experienced crime in England and Wales, but has been overlooked by government, law enforcement and industry.

<https://www.nao.org.uk/report/online-fraud/>

6. Annual Regulatory Compliance and Quality Report 2016-17, Public Sector Audit Appointments Ltd, August 2017

Public Sector Audit Appointments Limited (PSAA) monitors the performance of all its audit firms. The audit quality and regulatory compliance monitoring for 2016/17 incorporated a range of measurements and checks comprising:

- a review of each firm's latest published annual transparency reports;
- the results of reviewing a sample of each firm's audit internal quality monitoring;
- reviews (QMRs) of its financial statements, Value for Money (VFM) arrangements conclusion and housing benefit (HB COUNT) work. The review included assessing compliance with the HB COUNT guidance;
- an assessment as to whether PSAA could rely on the results of each firm's systems for quality control and monitoring;
- a review of the Financial Reporting Council's (FRC) published reports on the results of its inspection of audits in the private sector;
- the results of PSAA's inspection of each firm by the FRC's Audit Quality Review team (AQRT) as part of a commissioned rolling inspection programme of financial statements and VFM work;
- the results of each firm's compliance with 15 key indicators relating to PSAA's Terms of Appointment requirements;
- a review of each firm's systems to ensure they comply with PSAA's regulatory and information assurance requirements; and
- a review of each firm's client satisfaction surveys for 2015/16 work.

The report concludes the following in respect of Mazars LLP:

"Mazars is meeting our standards for overall audit quality and our regulatory compliance requirements. We calculated the red, amber, green (RAG) indicator for overall audit quality and regulatory compliance using the principles detailed in Appendices 1 and 2. For 2016/17, Mazars' combined audit quality and regulatory compliance rating was green. The satisfaction survey results show that audited bodies are very satisfied with the performance of Mazars as their auditor. Mazars has maintained its performance against the regulatory compliance indicators since last year, with all of the 2016/17 indicators scored as green".

Figure 1: 2017 Comparative performance for audit quality and regulatory compliance

	BDO	EY	Deloitte	PwC	Grant Thornton	KPMG	Mazars
2017	Amber	Amber	n/a	n/a	Amber	Amber	Green
2016	Green	Green	Green	Amber	Amber	Amber	Green
2015	Amber	Green	Amber	Amber	Amber	Amber	Green

For comparison, we have added in the previous years to the figure above taken from the report.

<http://www.psaa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality/>

7. Cyber security and information risk guidance for Audit Committees, NAO, September 2017

Audit committees should be scrutinising cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>

8. Homelessness, NAO, September 2017

Homelessness has increased across all measures since 2010, with many local authorities now seeing it as a risk to their financial sustainability.

<https://www.nao.org.uk/report/homelessness/>

Contact details

Please let us know if you would like further information on any items in this report.

www.mazars.co.uk

Mark Kirkham
Partner
0191 383 6300

mark.kirkham@mazars.co.uk

Gavin Barker
Senior Manager
0191 383 6300

gavin.barker@mazars.co.uk

Address:

Salvus House,
Aykley Heads,
Durham,
DH1 5TS
0191 383 6300



Public Session

Report Reference Number: A/17/17

Agenda Item No: 10

To: Audit and Governance Committee
Date: 27 September 2017
Author: Gill Marshall, Solicitor to the Council

Title: Local Government Ombudsman Annual Review Letter 2017

Summary:

This report provides councillors with the Local Government Ombudsman's Annual Review Letter 2017 for Selby District Council for consideration.

Recommendations:

- i. To note the content of the letter and provide any comments to be considered by Leadership Team.

Reasons for recommendation

To ensure that lessons are learned from any service failures or findings and to ensure openness and transparency.

1. Introduction and background

1.1 The office of Local Government Ombudsman was created under the Local Government Act 1974. The Ombudsman deals with complaints against Local Authorities amongst other public bodies such as national parks, fire authorities, police and crime commissioners and other government bodies.

1.2 The LGO is the final stage for complaints – the complainant must have exhausted the internal complaints procedure before the ombudsman will consider a complaint. Therefore complaints to the ombudsman often represent a small proportion of the total number of complaints made.

1.3 The Ombudsman usually cannot look at a complaint if:

- it is made more than 12 months since knowing about the problem

- the complainant is not personally affected – for example the issue affects most people in the area
- the complainant has not been caused an injustice
- the complainant has the right of appeal or can take legal action and the LGO thinks it is reasonable for them to do so. This might be to:
 - a tribunal (such as the Housing Benefit Appeals Service)
 - a government minister (such as a planning appeal)
 - the courts
- it is about personnel matters (such as employment or disciplinary issues)

1.4 Each year the Ombudsman sends an annual summary of the complaints made in the previous 12 months and the decisions made on those complaints to each local authority.

2 The Report

2.1 The Annual Review Letter 2017 has been received by the Council covering the period 1/4/16 to 31/3/17. The letter is attached to this report at Appendix A. The Ombudsman recommends that the statistical data be shared with elected members and scrutiny committees so that they can be assured that lessons are learned and services adjusted where necessary.

2.2 The report identifies that 13 complaints and enquiries relating to Selby District Council were received by the LGO in the period and 15 decisions were made. In some cases the LGO referred the matter back to the Council for local resolution. This often occurs where the person has not yet complained to the Council or has not completed the internal complaints process before approaching the ombudsman. For Selby this occurred in 8 of the 15 cases. In addition, some complaints are closed after initial enquiries. This reflects the fact that the ombudsman's office will assess the complaints received before deciding whether they merit a detailed investigation or not. Assessment will clarify whether there are any legal reasons why the LGO could not look at the complaint and whether there are other reasons, such as lack of personal injustice, which mean they should not look at the complaint. The Assessment Team may contact the council concerned for information or to advise it of the decision not to investigate. For Selby, 4 cases were closed after initial enquiries.

2.3 In the year 16/17 three complaints against Selby District Council progressed to a detailed investigation, all of which related to planning and development. Of these three complaints, two were upheld and one was not upheld. These complaints are summarised below. The complaints are anonymised which is a requirement of the legislation

2.4 Upheld Complaint A

Mr A complained about the Council's actions over planning enforcement on a truck stop near his home. Specifically he complained the Council had failed to take effective and timely action to investigate and act upon alleged breaches of planning control on the truck stop site. This has resulted in a significant

increase in heavy lorry traffic passing his property, with resultant increases in noise and pollution.

The Council carried out a thorough investigation of the planning context for the site. However, there was a period between late February and late August 2015 when there was no record of any action by the Council until Mr A wrote again asking about progress. That was fault. The Council had not received a satisfactory response from the site owner at that point but did not take any further steps for six months to consider what action it could take. That delayed the final decision and telling Mr A the outcome of the process, causing him unnecessary frustration.

In response to the LGO enquiries the Council accepted it could have explained earlier to Mr A that no enforcement was likely based on evidence about the site, rather than waiting for further information from the site owner. It also accepted it took too long to respond to Mr A's complaints on these matters on several occasions. The Council has apologised for the delay, inconvenience and frustration these faults caused.

2.5 Upheld Complaint B

Mr B complained that there were failings in the way the Council dealt with a planning application and lawful development certificate application for a neighbouring property. He said that because of this, he is now living next door to a care home for adults with disabilities. Mr B also complained that the Council has failed to properly deal with breaches of planning control at the property.

The Ombudsman found a number of faults in the way the Council had dealt with the application and delays in the responses to his enquiries. However none of the failings caused injustice to the complainant as the Council ultimately reached a justifiable decision. The council did however apologise to Mr B for failing to keep him informed of the progress of the case

2.6 Not Upheld Complaint C

This was a complaint on behalf of a local action group that the Council failed to properly consider a planning application for a small housing development. In particular, Mrs C says the case officer's report was faulty about: a five year housing supply; sustainability; heritage assets; ownership; and ecology. Based on the information provided, the Ombudsman was satisfied the Committee had enough relevant information to reach a sound decision. The Council had provided enough evidence to show it took into account the material considerations and it was for the Council to decide what weight to give the various factors.

2.7 It is important to note that these complaints all relate to the period prior to the recent Planning Service Review. Since bringing all the relevant parts of the planning service under a single manager we have been able to strengthen the relationship between Planning Management and the Council's Enforcement

Service. We have also recruited more Enforcement Officers and providing a quicker, more thorough investigation of complaints and appropriate follow up actions. We have also improved scrutiny of delegated decisions by establishing clear lines of accountability between Principal Planning Officers and more junior officers who deal with smaller, delegated decisions. All these actions should help to minimise the likelihood of adverse Ombudsman complaints in the future.

- 2.8 In this year's Letter the Ombudsman has referred to the requirements on the Monitoring officer to report to Council and his expectations on how this should be met. Currently Ombudsman Cases (via the Annual Letter Report) are reported to Audit and Governance Committee but not to Council. It is suggested that the requirement can be met by also including a section in the Annual Report of the Monitoring Officer to full Council. The next such report is scheduled in December 2017.

3 Legal/Financial Controls and other Policy matters

Legal Issues

- 3.4 These are covered in the main report

Financial Issues

- 3.5 None.

Impact Assessment

- 3.6 None

4. Conclusion

- 4.1 The information provided in the Annual Review letter assist the Council in understanding the needs of service users and its performance alongside KPIs and complaints data and are of use to elected Councillor who scrutinise such matters.

5. Background Documents

Review of Local Government Complaints 16/17

<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/local-government-complaint-reviews>

Contact Officer:

*Gillian Marshall
Solicitor to the Council
Selby District Council*

gmarshall@Selby.gov.uk

Appendices:

Appendix A – Annual Review Letter 2017.

Appendix A

20 July 2017

By email

Janet Waggott
Interim Chief Executive
Selby District Council

Dear Janet Waggott,

Annual Review letter 2017

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGO) about your authority for the year ended 31 March 2017. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

The reporting year saw the retirement of Dr Jane Martin after completing her seven year tenure as Local Government Ombudsman. I was delighted to be appointed to the role of Ombudsman in January and look forward to working with you and colleagues across the local government sector in my new role.

You may notice the inclusion of the '*Social Care Ombudsman*' in our name and logo. You will be aware that since 2010 we have operated with jurisdiction over all registered adult social care providers, able to investigate complaints about care funded and arranged privately. The change is in response to frequent feedback from care providers who tell us that our current name is a real barrier to recognition within the social care sector. We hope this change will help to give this part of our jurisdiction the profile it deserves.

Complaint statistics

Last year, we provided for the first time statistics on how the complaints we upheld against your authority were remedied. This year's letter, again, includes a breakdown of upheld complaints to show how they were remedied. This includes the number of cases where our recommendations remedied the fault and the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. In these latter cases we provide reassurance that your authority had satisfactorily attempted to resolve the complaint before the person came to us.

We have chosen not to include a 'compliance rate' this year; this indicated a council's compliance with our recommendations to remedy a fault. From April 2016, we established a new mechanism for ensuring the recommendations we make to councils are implemented, where they are agreed to. This has meant the recommendations we make are more specific, and will often include a time-frame for completion. We will then follow up with a council and seek evidence that recommendations have been implemented. As a result of this new process, we plan to report a more sophisticated suite of information about compliance and service improvement in the future.

This is likely to be just one of several changes we will make to our annual letters and the way we present our data to you in the future. We surveyed councils earlier in the year to find out, amongst other things, how they use the data in annual letters and what data is the most useful; thank you to those officers who responded. The feedback will inform new work to

provide you, your officers and elected members, and members of the public, with more meaningful data that allows for more effective scrutiny and easier comparison with other councils. We will keep in touch with you as this work progresses.

I want to emphasise that the statistics in this letter comprise the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, but who may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

The statutory duty to report Ombudsman findings and recommendations

As you will no doubt be aware, there is duty under section 5(2) of the Local Government and Housing Act 1989 for your Monitoring Officer to prepare a formal report to the council where it appears that the authority, or any part of it, has acted or is likely to act in such a manner as to constitute maladministration or service failure, and where the LGO has conducted an investigation in relation to the matter.

This requirement applies to all Ombudsman complaint decisions, not just those that result in a public report. It is therefore a significant statutory duty that is triggered in most authorities every year following findings of fault by my office. I have received several enquiries from authorities to ask how I expect this duty to be discharged. I thought it would therefore be useful for me to take this opportunity to comment on this responsibility.

I am conscious that authorities have adopted different approaches to respond proportionately to the issues raised in different Ombudsman investigations in a way that best reflects their own local circumstances. I am comfortable with, and supportive of, a flexible approach to how this duty is discharged. I do not seek to impose a proscriptive approach, as long as the Parliamentary intent is fulfilled in some meaningful way and the authority's performance in relation to Ombudsman investigations is properly communicated to elected members.

As a general guide I would suggest:

- Where my office has made findings of maladministration/fault in regard to routine mistakes and service failures, and the authority has agreed to remedy the complaint by implementing the recommendations made following an investigation, I feel that the duty is satisfactorily discharged if the Monitoring Officer makes a periodic report to the council summarising the findings on all upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report on complaints to members, for example.
- Where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of the fault or injustice, or the number of people affected, I would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.
- In the unlikely event that an authority is minded not to comply with my recommendations following a finding of maladministration, I would always expect the Monitoring Officer to report this to members under section five of the Act. This is an exceptional and unusual course of action for any authority to take and should be considered at the highest tier of the authority.

The duties set out above in relation to the Local Government and Housing Act 1989 are in addition to, not instead of, the pre-existing duties placed on all authorities in relation to Ombudsman reports under The Local Government Act 1974. Under those provisions, whenever my office issues a formal, public report to your authority you are obliged to lay that report before the council for consideration and respond within three months setting out the action that you have taken, or propose to take, in response to the report.

I know that most local authorities are familiar with these arrangements, but I happy to discuss this further with you or your Monitoring Officer if there is any doubt about how to discharge these duties in future.

Manual for Councils

We greatly value our relationships with council Complaints Officers, our single contact points at each authority. To support them in their roles, we have published a Manual for Councils, setting out in detail what we do and how we investigate the complaints we receive. When we surveyed Complaints Officers, we were pleased to hear that 73% reported they have found the manual useful.

The manual is a practical resource and reference point for all council staff, not just those working directly with us, and I encourage you to share it widely within your organisation. The manual can be found on our website www.lgo.org.uk/link-officers

Complaint handling training

Our training programme is one of the ways we use the outcomes of complaints to promote wider service improvements and learning. We delivered an ambitious programme of 75 courses during the year, training over 800 council staff and more 400 care provider staff. Post-course surveys showed a 92% increase in delegates' confidence in dealing with complaints. To find out more visit www.lgo.org.uk/training

Yours sincerely

A handwritten signature in black ink, appearing to read 'M King', with a stylized flourish underneath.

Michael King
Local Government and Social Care Ombudsman for England
Chair, Commission for Local Administration in England

Local Authority Report: Selby District Council
For the Period Ending: 31/03/2017

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	1	1	0	3	0	2	6	0	13

Decisions made

Decisions made				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
0	0	8	4	1	2	67%	15

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
2	0

	Reference	Authority	Category	Received
1	15007652	Selby District Council	Environmental Services & Public Protection & Regulation	09-Dec-16
2	16004471	Selby District Council	Housing	28-Jun-16
3	16004813	Selby District Council	Corporate & Other Services	05-Jul-16
4	16009131	Selby District Council	Planning & Development	23-Sep-16
5	16009419	Selby District Council	Planning & Development	04-Oct-16
6	16010646	Selby District Council	Planning & Development	21-Oct-16
7	16011223	Selby District Council	Environmental Services & Public Protection & Regulation	03-Nov-16
8	16011231	Selby District Council	Planning & Development	03-Nov-16
9	16012770	Selby District Council	Planning & Development	29-Nov-16
10	16013297	Selby District Council	Environmental Services & Public Protection & Regulation	08-Dec-16
11	16015221	Selby District Council	Housing	23-Jan-17
12	16016937	Selby District Council	Benefits & Tax	17-Feb-17
13	16017437	Selby District Council	Planning & Development	27-Feb-17

Reference	Authority	Category	Decision Date	Decision	Remedy	
1	14015971	Selby District Council	Planning & Development	26-Oct-16	Upheld	Apology, Procedure Change, Financial Redress, Other Remedy
2	15008932	Selby District Council	Planning & Development	04-Nov-16	Upheld	Apology
3	15012425	Selby District Council	Highways & Transport	18-Apr-16	Closed after initial enquiries	Null
4	15018889	Selby District Council	Planning & Development	05-Apr-16	Closed after initial enquiries	Null
5	16004471	Selby District Council	Housing	25-Jul-16	Referred back for local resolution	Null
6	16004813	Selby District Council	Corporate & Other Services	05-Jul-16	Referred back for local resolution	Null
7	16009131	Selby District Council	Planning & Development	18-Oct-16	Referred back for local resolution	Null
8	16009419	Selby District Council	Planning & Development	31-Oct-16	Closed after initial enquiries	Null
9	16010646	Selby District Council	Planning & Development	03-Mar-17	Not Upheld	Null
10	16011223	Selby District Council	Environmental Services & Public Protection & Regulation	16-Nov-16	Referred back for local resolution	Null
11	16011231	Selby District Council	Planning & Development	16-Nov-16	Referred back for local resolution	Null
12	16012770	Selby District Council	Planning & Development	19-Dec-16	Referred back for local resolution	Null
13	16013297	Selby District Council	Environmental Services & Public Protection & Regulation	12-Jan-17	Referred back for local resolution	Null
14	16015221	Selby District Council	Housing	23-Jan-17	Referred back for local resolution	Null
15	16016937	Selby District Council	Benefits & Tax	31-Mar-17	Closed after initial enquiries	Null

