

Minutes

Audit & Governance Committee

Venue:	Microsoft Teams Live Event - Remote
Date:	Wednesday, 29 July 2020
Time:	5.00 pm
Present remotely via Teams Live Event:	Councillors K Arthur (Chair), N Reader (Vice-Chair), J Chilvers (from agenda item 8), D Brook, J Duggan, K Franks, E Jordan and J Mackman
Officers present remotely via Teams Live Event:	Karen Iveson (Chief Finance Officer), Alison Hartley (Solicitor to the Council and Monitoring Officer), Palbinder Mann (Democratic Services Manager), Nicola Hallas (Manager, Mazars LLP), Ed Martin (Audit Manager, Veritau), Jonathan Dodsworth (Assistant Director - Corporate Fraud, Veritau); and Dawn Drury (Democratic Services Officer)
Others present remotely via Teams Live Event:	Councillor C Lunn (Lead Executive Member for Finance and Resources)

Before the meeting business, the Chair welcomed attendees to the first remote and live-streamed meeting of the Audit and Governance Committee and asked all Committee Members and Officers to confirm their attendance.

The Chair reminded all participants that the meeting was being streamed live publicly and was accessible to a wide audience; as such, in accordance with usual practice at public meetings, the Chair asked for a respectful debate, and asked Members to remain muted unless invited to speak.

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

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 29 January 2020.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 29 January 2020.

4 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

The Chair explained that as this was the first virtual Audit and Governance meeting with the last meeting in January 2020 the Committee would be considering the plans for internal audit, counter fraud and information governance for the remainder of the current year, as well as the annual reports for last year 2019-20.

Members heard that the statement of accounts for 2019-20 would usually be brought to the July meeting for approval, however the statutory deadlines had been extended to the end of November 2020 as a result of Covid-19; the statement of accounts would therefore be presented at the October meeting.

And lastly, the Chair informed the Committee that officers would plan some dedicated committee briefings to replace the quarterly pre-meeting training and development sessions. Members were asked to consider any specific topics they would like to cover and feed any comments to the Democratic Services Officer.

5 AUDIT ACTION LOG

The Committee reviewed the Audit Action Log. It was noted that the information requested in relation to the data protection presentation and the national publications contained within the External Audit Progress Report had been circulated to the Committee, and therefore the actions were noted as complete.

RESOLVED:

To note the Audit Action Log.

6 AUDIT AND GOVERNANCE WORK PROGRAMME

The Committee considered the current Audit and Governance Work Programme.

RESOLVED:

To note the Work Programme.

7 EXTERNAL AUDIT STRATEGY MEMORANDUM (A/20/1)

The Manager, Mazars LLP presented the report, which outlined the external audit plan for the Council for the year ending 31 March 2020.

The Manager, Mazars LLP explained that the timeline within the report had changed and that the Completion Report 2019-20 would be brought to the Committee in October 2020. It was highlighted that three risks had been deemed to be significant: management override of control, property, plant and equipment valuation; and defined benefit liability valuation, however it was confirmed that these risks were not unusual.

The Committee was informed that for the 2019-20 financial year, no significant audit risks had been identified to the value for money conclusion work.

The Committee queried which principle assets were reviewed as part of the property, plant and equipment valuation and who prepared the valuations, it was confirmed that the principle assets were council dwellings, land and buildings and that the valuations were prepared by the council, however external experts were also employed to provide information on the valuations.

In response to a query relating to an error which had been identified by Mazars LLP in the external audit for 2018-19, and what measures had been put in place to ensure this did not reoccur, Members were informed that the error had occurred as the property, plant and equipment valuation had commenced late; to ensure this was not repeated the 2019-20 valuation on property, plant and equipment had taken place first.

Members queried who the external experts were who provided the information on valuations for property, plant and equipment, the Chief Finance Officer stated that Align Property Partners were the external experts employed to undertake this work.

RESOLVED:

To note the report.

8 INTERNAL AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE PLAN 2020-21 (A/20/2)

The Audit Manager, Veritau presented the report, which contained the proposed Internal Audit, Counter Fraud and Information Governance plans for 2020-21.

Members asked a number of questions regarding essential audit work, the Audit Manager, Veritau explained that the work of internal audit was a statutory requirement, and assured the Committee that the contents of the report reflected good coverage of the Council's activities and provided assurance that effective management controls and governance were in place.

The Assistant Director – Corporate Fraud, Veritau presented the section
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of the report related to the counter fraud work to be undertaken in 2020-21 and confirmed that a total of 105 days of counter fraud work had been agreed.

The Committee raised concerns around the costs of detecting fraud, and queried if the money would be better spent in protecting against fraud, the Assistant Director – Corporate Fraud, Veritau explained that both fraud detection and protection were important, but that detection provided a deterrent, and confirmed that the whole counter fraud arrangements were robust.

Discussion took place around ways to publicise the fraud activity undertaken by Veritau to act as a deterrent, it was mooted that parish council magazines and the local press could be utilised; and the Committee was informed that a counter fraud message was printed on all Council Tax bills in the District.

In relation to a query regarding what actions were taken against fraudsters once fraud had been identified, it was confirmed that a caution or formal warning would be given, with the severest sanction being a prosecution.

The Chief Finance Officer further explained that the vigilance of officers and councillors was relied upon to highlight any areas of concern.

Members noted that a total of 60 days had been agreed for the information governance plan 2020-21 work.

The Committee agreed to approve the Internal Audit, Counter Fraud and Information Governance plans for 2020-21.

RESOLVED:

- i. **To approve the Internal Audit Plan 2020-21.**
- ii. **To note the Counter Fraud and Information Governance Plans 2019/20.**

9 DRAFT ANNUAL GOVERNANCE STATEMENT 2019-20 (A/20/3)

The Committee received the draft Annual Governance Statement presented by the Chief Finance Officer, who explained that the report provided an assessment of the governance environment for 2019-20, and would form part of the draft Statement of Accounts which would be brought to Committee in October 2020.

It was further explained that the accompanying Action Plan identified significant control issues and it was highlighted that two new actions relating to governance arrangements and financial procedures had been added to the action plan as a result of Covid-19.

In response to a query from the Chair regarding Scrutiny Committee, the
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Democratic Services Manager confirmed that Scrutiny and Policy Review meetings would be resumed shortly.

Members acknowledged that the action plan was being monitored by the Leadership Team but queried what assurance could be given that deadlines would be met. The Chief Finance Officer explained that the Leadership Team monitored progress made against the action plan to ensure that actions were delivered to the agreed deadlines, and further confirmed that some actions within the action plan had been completed and implemented.

RESOLVED:

To note the draft Annual Governance Statement.

10 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2019-20 (A/20/4)

The Committee received the report, presented by the Audit Manager, Veritau, which provided a summary of the internal audit work carried out since April 2019, and the counter fraud work carried out during the year 2019-20.

The Audit Manager confirmed that the overall opinion of the Head of Internal Audit on the governance, risk management and control framework operated by the Council was that it provided Reasonable Assurance. It was further confirmed that this opinion was however qualified, in light of the current pandemic and the impact of this on the Council.

The Committee heard that the report included the conclusion of Veritau's internal audit Quality Assurance and Improvement Programme (QAIP), it was explained that the Internal Charter set out how internal audit at the Council would be provided in accordance with the Public Sector Internal Audit Standards (PSIAS); a detailed self-assessment to evaluate performance against the Standards was undertaken in November 2018 which concluded that the internal audit activity provided by Veritau generally conformed to the PSIAS.

Discussion took place regarding the Reasonable Assurance opinion given by the Head of Internal Audit on the control framework operated by the Council and it was queried whether other local Council's achieved a higher rating, and what activity would be required for Selby District Council to reach the Substantial opinion, it was confirmed that Veritau saw a range of opinions over other Council's. The Chief Finance Officer assured the Committee that the Council continually strived for a Substantial opinion and if issues were identified they would be addressed.

The Chair queried when the audit of Performance Management would be completed, the Audit Manager explained that the original date of September 2020 had been revised to 31 December 2020 and that all

actions were followed up by Veritau once they became due.

The Assistant Director - Counter Fraud, Veritau presented the section of the report related to the Council's counter fraud activity in 2019-20, which highlighted that actual savings of £17k had been achieved through fraud investigation.

Members queried the cost in staff hours taken to achieve the £17k savings, it was explained that Veritau had 125 total planned counter fraud days in 2019-20, a large proportion of those days had been utilised for this work. It was further explained that without the fraud work undertaken that there would be no deterrent, and that Selby District Council took fraud very seriously. Members re-iterated that the work of the Veritau counter fraud team must be publicised.

RESOLVED:

To note the reports.

At this point in the meeting Councillor K Arthur vacated the Chair.

Councillor N Reader, Vice-Chair, in the Chair.

11 RISK MANAGEMENT ANNUAL REPORT 2019-20 (A/20/5)

The Committee received the report from the Audit Manager, Veritau, which summarised the risk management activity during the year 2019-20, whilst also showing planned work for the current 2020-21 municipal year.

Members noted that over the past year, in addition to supporting managers to review risks in their service areas and to identify mitigating actions where necessary, specific risk management support was provided to the Place Branding (Stage 2) project, which included facilitation of a risk identification workshop.

RESOLVED:

To note the report.

12 CORPORATE RISK REGISTER 1920-21 (A/20/6)

The Committee received the report, presented by the Audit Manager, Veritau who explained that this report contained the twice-yearly update on movements within the Corporate Risk Register, which was last reported to the Committee in January 2020.

The Committee was informed that there were a total of 12 risks on the Council's Corporate Risk Register for 2019/20, and it was highlighted that 4 of these risks had been identified as being high risk, this had increased by 2 from January 2020. It was explained that this was largely due to the impact of Covid-19. The Committee's attention was drawn to page 111 of the agenda which contained a summary of the current risks.

In response to a query regarding the risk defined as high risk relating to financial resources and the sustainability of the Council's financial position beyond 2021, the Chief Finance Officer highlighted that this was an assessment of the likelihood of the risk with controls and mitigating actions in place.

Members queried the meaning of the risk assessment figures shown at Appendix A, page 114, and whether a target could be provided, it was explained that the middle risk assessment showed the target risk assessment, and that this was a reasonable level of risk to carry as an organisation. It was further explained that the target figure would be incorporated into the Corporate Risk Register overview in the future.

RESOLVED:

To note the current status of the corporate risk register.

13 REVIEW OF THE CONSTITUTION 2020 (A/20/7)

The Committee received the report, presented by the Solicitor to the Council and Monitoring Officer, which provided an update on the amendments made to the Constitution of the Council following a review undertaken in her role as Monitoring Officer, as set out at appendix A of the report and appendix 1 of item 14 of the agenda.

The Committee noted that the changes which had been made by the Monitoring Officer under delegation were either administrative, as a result of legislative changes, or as approved by the Audit and Governance Committee in the resolution dated 10 April 2019 in relation to standards arrangements; and also included giving effect to new remote meeting procedure rules.

RESOLVED:

To note the changes to the Constitution of the Council as set out at appendix A of the report and appendix 1 of item 14 of the agenda; and refer the same to full Council for noting.

14 UPDATED SELBY DISTRICT COUNCIL CODE OF CONDUCT & LGA MODEL CODE OF CONDUCT CONSULTATION (A/20/8)

The Solicitor to the Council and Monitoring Officer presented the report, which confirmed the amendments made to the Council's Code of Conduct for Members, and arrangements for dealing with standards complaints following the Audit and Governance Committee's decision made on 19 April 2019, having regard to the best practice recommended in the report of the Committee on Standards in Public Life; as detailed at appendix 1 of the report.

Members were further asked to provide their views on the LGA Model Code of Conduct which was out for consultation until 17 August 2020; as set out at appendix 2 of the report.

The Members were advised that the Best Practice list identified by the Standards in Public Life Committee which had been considered by the Audit and Governance Committee in April 2019 had been incorporated into the Council's Code of Conduct for Members, as shown at Appendix 1, and now fully complied with these recommendations.

It was further explained that one of the Committee's recommendations was that a model national Code of Conduct should be adopted in response to the Committee's recommendations. A proposed National Code had been drafted by the Local Government Association (LGA) and was now the subject of consultation. Members were encouraged to access the link and submit individual responses to the consultation before the deadline of 17 August 2020.

RESOLVED:

- i. To note the updated Council's Code of Conduct for Members and the arrangements for dealing with standards complaints as attached at appendix 1.**
- ii. To note the LGA Model Code of Conduct as attached at appendix 2 of the report, and the consultation.**

15 AUDIT & GOVERNANCE ANNUAL REPORT 2019-20 (A/20/9)

The Committee received the report from the Chair, which asked them to approve the Audit and Governance Committee Annual Report for 2019-20.

One of the Members felt although the report reviewed the work of the Audit and Governance Committee during the previous municipal year it should also include the future objectives of the Committee, and asked that the Chair consider this addition to the Annual Report.

RESOLVED:

To ask the Chair of the Committee to consider an addition to the Audit and Governance Committee Annual Report for 2019-20 as detailed above; and bring the report back to the next Committee.

16 DECISIONS TAKEN UNDER URGENCY DUE TO COVID-19 (A/20/10)

The Solicitor to the Council and Monitoring Officer presented the report, which provided members with details of the decisions taken by the Leader of the Council and senior officers under urgency procedures between 23 March 2020 and 14 July 2020 due to the Coronavirus lockdown, as attached at appendix 1.

The Committee was informed that on 23 March 2020 the Leader of the
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Council took a decision using his urgency powers to cancel all meetings to ensure that the Council could adhere to government guidance regarding social distancing during the Coronavirus crisis. It was further explained that until 4 April 2020, the Local Government Act 1972 required Members to be present in the room to vote, it was therefore not possible to undertake lawful decision making other than through delegation.

Members noted the urgent decisions taken by the Leader of the Council and senior officers at appendix 1, and would be reported to full Council by the Chair of Audit and Governance in the Chair's update which is given at each Council meeting.

RESOLVED:

To note the decisions taken under urgency by the Leader of the Council and senior officers between 23 March 2020 and 14 July 2020 due to the Coronavirus lockdown; and refer the same to full Council for noting.

The meeting closed at 6.38 pm.