



Meeting: **AUDIT & GOVERNANCE COMMITTEE**
Date: **WEDNESDAY, 21 OCTOBER 2020**
Time: **5.00 PM**
Venue: **MICROSOFT TEAMS – REMOTE**
[CLICK HERE](#)
To: **Councillors K Arthur (Chair), N Reader (Vice-Chair), J Chilvers, M Jordan, T Grogan, K Franks, J Duggan and D Mackay**

Agenda

- 1. Apologies for Absence**
- 2. Disclosures of Interest**

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

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

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

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

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

- 3. Minutes (Pages 1 - 10)**

To confirm as a correct record the minutes of the Audit and Governance Committee held on 29 July 2020.

- 4. Chair's Address to the Audit and Governance Committee**
- 5. Audit and Governance Work Programme (Pages 11 - 14)**

To note the current Work Programme and consider any amendments.

6. External Audit Completion Report 2019-20 (A/20/11) (Pages 15 - 42)

To receive the report of the external auditor, which asks the Committee to consider the work of the external auditor during the financial year ending 31 March 2020.

7. CIPFA Financial Management Code (A/20/12) (Pages 43 - 54)

To endorse the actions set out in the report and note the progress made.

8. Internal Audit, Counter Fraud and Information Governance Progress Report 2020-21 (A/20/13) (Pages 55 - 78)

To provide an update on the delivery of the internal audit work plan for 2020/21. The report also updates the committee on counter fraud and information governance work undertaken so far in 2020/21. Due to Covid-19, work on the annual audit plan was delayed so this report updates members on the plans for completion of work over the remainder of 2020/21.

9. Statement of Accounts 2019-20 (A/20/14) (Pages 79 - 82)

To ask Councillors to undertake an examination of the Council's financial accounts for the financial year 2019/20 and seek approval of them.

10. Local Government & Social Care Ombudsman Annual Review Letter 2019-20 (A/20/15) (Pages 83 - 94)

To receive the report, which asks the Committee to note the Local Government and Social Care Ombudsman's Annual Review Letter 2019-20 for Selby District Council.

11. Audit & Governance Annual Report 2019-20 (A/20/16) (Pages 95 - 106)

To approve the Audit and Governance Committee Annual Report 2019-20.

Janet Waggott

Janet Waggott, Chief Executive

Date of next meeting (5.00pm)

Wednesday, 27 January 2021

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

Live Streaming

Audit & Governance Committee
Wednesday, 21 October 2020

This meeting will be streamed live online. To watch the meeting when it takes place [click here](#).

Recording at Council Meetings

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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

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 Audit & Governance Committee – Minutes

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

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.

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Audit Committee Work Programme 2020-21

21 October 2020	Review of Action Log	To consider the latest Action Log
	Local Government and Social Care Ombudsman Annual Review Letter 2019-20	To receive the Local Government and Social Care Ombudsman Annual Review Letter 2019-20
	External Audit Completion Report 2019-20	To receive the Audit Completion Report from the external auditors
	CIPFA Financial Management Code	To endorse the actions and note progress.
	Statement of Accounts 2019-20	To approve the Statement of Accounts for the financial year 2019-20
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Annual Report 2019-20	To approve the Audit & Governance Annual Report 2019-20
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'

27 January 2021	Review of Action Log	To consider the latest Action Log
	Information Governance Annual Report 2020	To approve the Information Governance Annual Report
	External Annual Audit Letter 2020	To review the Annual Audit Letter 2020
	External Audit Progress Report	To review the progress of the external auditor
	Risk Management Strategy	To review the Risk Management Strategy
	Corporate Risk Register	To review the Corporate Risk Register
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Counter Fraud Framework Update	To approve the revised Counter Fraud and Corruption Strategy Action Plan; and comment on and note the updated Counter Fraud Risk Assessment.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'
	Review of Annual Governance Statement Action Plan 2019-20	To review the Annual Governance Statement Action Plan 2019-20

21 April 2021	Review of Action Log	To consider the latest Action Log.
	External Audit Strategy Memorandum	To review the external Audit Strategy
	External Audit Progress Report	To review the progress of the external auditor
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Internal Audit, Counter Fraud and Information Governance Plan 2021/22	To approve the Internal Audit, Counter Fraud and Information Governance plans 2021/22
	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 2020/21	To approve the 2020/21 Annual Report of the Audit and Governance Committee
	Work Programme 2021/22	To approve the Audit and Governance Committee Work Programme for 2021/22

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Report Reference Number: A/20/11

To: Audit and Governance Committee
Date: 21 October 2020
Author: Dawn Drury, Democratic Services Officer
Lead Officer: Karen Iveson, Chief Finance Officer

Title: External Audit Completion Report 2019-20

Summary:

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

Recommendations:

To consider the External Audit Completion 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 updates the Committee on progress in delivering external audit for the financial year ending 31 March 2020.

2. The Report

2.1 The report is attached at appendix A and sets out a summary of external audit progress during the financial year ending 31 March 2020.

2.2 The report also sets out key emerging national issues and developments that may be of interest to the Committee in respect of external audit.

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

3. Implications

None.

4. Conclusion

4.1 The Committee is asked to consider the report.

5. Background Documents

None.

6. Appendices

Appendix A – External Audit Completion Report

Contact Officer:

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Audit Completion Report

Selby District Council
Year ending 31 March 2020

CONTENTS

1. Executive summary
2. Significant findings
3. Internal control recommendations
4. Summary of misstatements
5. Value for money conclusion

Appendix A – Draft management representation letter

Appendix B – Draft auditor’s report

Appendix C – Independence

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Council 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.

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Audit and Governance Committee
Selby District Council
Civic Centre
Doncaster Road
Selby
YO8 9FT

9 October 2020

Dear Members

Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 29 July 2020. Since we issued our Audit Strategy Memorandum the UK has been subject to the challenges and restrictions needed to deal with the COVID-19 pandemic. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain. One implication of COVID-19 for the Council was that the timetables for submission of the draft and audited financial statements were pushed back to 31 August and 30 November respectively. Despite the revised deadlines we acknowledge the difficulties encountered by your team during accounts preparation and audit, and would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07747 764 529.

Yours faithfully



Mazars LLP

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VAT number: 839 8356 73

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Selby District Council ('the Council') for the year ended 31 March 2020, and forms the basis for discussion at the Audit and Governance Committee meeting on 21 October 2020.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the following significant audit risks:

- management override of control;
- property, plant and equipment valuation; and
- defined benefit liability valuation.

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

However, given the material valuation uncertainty relating to the valuation of land and buildings highlighted within Note 15 to the financial statements, we have included an Emphasis of Matter paragraph within our auditor's report. Page 10 provides further details and our draft auditor's report is provided at Appendix B.

Value for money conclusion

We anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B.

Whole of Government Accounts (WGA)

At the time of preparing this report the group instructions have not yet been issued by the NAO. We are, therefore, unable to conclude this work. The deadline for completing this work is December 2020. Until this work is completed we are unable to issue our certificate.









Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. Further details on the exercise of our wider powers are provided in section 2.




1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and value for money conclusion for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Income		We are awaiting confirmation that income has been received for one of our samples selected for testing.
Cash flow statement		Agreement of the entries in the cash flow statement to other areas of the accounts and supporting workings.
Property, Plant and Equipment		Valuations – we are awaiting responses from the valuer to complete the work. Agreement of fixed asset register to the accounts
Pensions		Completion of our work on the pension entries. We are awaiting the assurance from the pension fund auditor.
Collection Fund		Review of the appeals provision.
IT audit work		We are awaiting responses for the IT department with regards to our IT testing.
WGA		We are awaiting group instructions from the National Audit Office. This may impact on the timing of issuing our audit certificate to formally conclude and close the audit.
Closing Procedures		Review and closure processes, including final consideration of post balance sheet events.

Status

-  Likely to result in material adjustment or significant change to disclosures within the financial statements
-  Potential to result in material adjustment or significant change to disclosures within the financial statements
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in July 2020. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £1.109m using a benchmark of 2% of Gross Revenue Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £1.216m, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Audit and Governance Committee, at £36k based on 3% of overall materiality).

2. EXECUTIVE SUMMARY (CONTINUED)

Misstatements and internal control recommendations

We have not made any internal control recommendations this year.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit and Governance Committee in a follow-up letter.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 9 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and
- modifications required to our audit report.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk

Description of the risk

Management override of controls

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. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by performing audit work in the following areas:

- accounting estimates impacting on amounts included in the financial statements;
- consideration of identified 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.

Audit conclusion

There are no matters arising from our work in relation to management override of controls.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Description of the risk

Property, Plant and equipment valuation

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle.

Although the Council employs external experts to provide information on valuations, there remains a high degree of estimation uncertainty associated with the valuation of PPE because of the significant judgements and number of variables involved.

How we addressed this risk

We have:

- critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- considered whether the overall revaluation methodologies used by the Council's valuer's are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
- assessed whether valuation movements are in line with market expectations by using information available from other sources; and
- critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice

Audit conclusion

We have identified £61k of assets held in the fixed asset register that are no longer in use. The accounts have been adjusted to remove these assets.

Other than the matter raised above, and the points highlighted on page 10 in relation to the material valuation uncertainty (and the proposed Emphasis of matter paragraph within our auditors report) and subject to the satisfactory completion of the work outstanding, (set out in Section 1), our work has provided the assurance we sought and has not highlighted any other matters of significance to bring to your attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Description of the risk

Defined benefit liability valuation

The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of the North Yorkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2019.

The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation.

There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2019/20.

How our audit addressed this risk

We have:

- reviewed the controls that the Council has in place over the information sent to the Scheme Actuary, including the Council's process and controls with respect to the assumptions used in the valuation;
- evaluated the competency, objectivity and independence of the scheme Actuary, Aon Hewitt;
- reviewed the appropriateness of the methodology applied, and the key assumptions included within the valuation, comparing them to expected ranges, utilising the information provided by PwC, consulting actuary engaged by the National Audit Office; and
- reviewed the methodology applied in the valuation of the liability by Aon Hewitt.

Audit conclusion

Subject to satisfactory completion of the work outstanding (set out in Section 1), our work has provided the assurance we sought in the above areas and has not highlighted any material issues to bring to your attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Council's accounting practices

We have reviewed the accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 20 July 2020 and were of a good quality. Given the impact of COVID-19 the whole audit was completed remotely.

Significant matters discussed with management

McCloud

The McCloud judgment relates to potential age discrimination arising from transitional protections offered to some existing members of public service pension schemes that were not made available to younger members. In July 2019, Treasury confirmed that the difference in treatment between older and younger members of public service pension schemes would need to be removed in order to remove the discrimination. For the financial year 2018/19, GAD and Aon Hewitt provided revised actuarial reports which included an estimate of the impact of the case on pension liabilities for both the Police Pension Scheme and Local Government Pension Scheme (LGPS). At the time of making this estimate, actuaries were required to estimate what the proposed remedy would be. In 2019/20 the respective actuarial reports made an adjustment to the initial estimates based on further information received.

In July 2020, the Treasury initiated a consultation on the proposed remedy for public service pensions and MHCLG released a consultation into the proposed remedy for the LGPS, which set out the estimation basis for the impact of the judgment.

Management made enquires of the actuary of the LGPS, Aon Hewitt, in relation to the expected outcome of this change on the LGPS. Aon Hewitt confirmed that the estimate made in the 2019/20 IAS 19 report included a methodology not dissimilar to that in the consultation and as such your actuary does not expect there to be a material difference in the LGPS meaning that a recalculation based on the consultation remedies was not required.

Goodwin

A case was made against the Teachers Pensions Scheme in relation to sexual orientation discrimination. The discrimination occurs because there is a difference in survivor benefits payable depending upon whether the member was in a same-sex marriage or civil partnership or an opposite-sex marriage or civil partnership. The Government concluded that changes are required to the Teachers' Pension Scheme to address the discrimination. The Government believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner of a female scheme member is in similar circumstances.

In respect of the LGPS, your actuary has confirmed that there will be an additional liability arising from the Goodwin judgment. Full information is not yet available to accurately calculate the impact, however, based on an estimate, your actuary has indicated that the LGPS impact is not likely to be material because an additional liability will only arise for post-2005 widowers where the scheme member had pre 1988 service. As the impact is below materiality in all cases, no adjustment to the financial statements has been made. As these issues relate to the refinement of an estimate rather than an error, they have not been reported as unadjusted misstatements.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. The outbreak of the Covid-19 pandemic affected the operation of Council services and the audit process with officers and the audit team working remotely. We held regular discussions with management to understand the implications and consider the impact on our risk assessment. We identified no changes in key financial processes that affected our audit approach but our usual methods of communication and engagement were revised and the circumstances involved some time lags in resolving audit queries. Overall, the finance team responded well.

2. SIGNIFICANT FINDINGS (CONTINUED)

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2019/20 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account.

Modifications required to our audit report

We have identified the following issue(s) which has/have resulted in us proposing to issue a modified audit opinion. Our draft auditor's report, in full, is set out in Appendix B.

Issue	Impact on our audit opinion
Material uncertainty relating to the valuation of land and buildings.	Note 15 in the financial statements highlights a material valuation uncertainty in relation to the valuation of land and buildings as follows: <i>Due to uncertainties arising from the outbreak of Covid-19, the Council's valuer has declared a 'material valuation uncertainty in their valuation report. Please refer to Note 4, page 45 for further details.</i>
	<i>Note 4</i> <i>Due to the global outbreak of Covid-19, the Council's Valuer issued the following statement within their report:</i>
	<i>"The outbreak of Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty, - and a higher degree of caution should be attached to our valuation that would normally be the case".</i>
	In line with ISA706, we have determined that the auditor's report should draw the reader's attention to this disclosure given its significance to the financial statements. As a result, our report includes the Emphasis of Matter paragraph highlighted below. ISA (UK) 706.7 describes Emphasis of Matter paragraphs as 'a matter, although appropriately presented or disclosed in the financial statements, that is of such importance that it is fundamental to the users' understanding of the financial statements'.
	<i>In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 4 and note 15 to the financial statements concerning the material valuation uncertainty statement made by the Trust's valuer.</i> As highlighted, our opinion is not modified in respect of this matter.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have no internal control recommendations to bring to your attention.



4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £36k.

The first section outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20

We are pleased to report we have not identified any unadjusted mis-statements, other than those which are clearly trivial.

Adjusted misstatements 2019/20

We are pleased to report there were no audit differences with a material impact on the Accounts.



4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Disclosure amendments

- **Note 12 – Property, Plant and Equipment** – we have identified £61k of vehicles, plant and equipment that are fully depreciated but have not been written out of the accounts. The Note has been amended for this, but there is nil impact on the overall balance.
- **Note 12 – Property, Plant and Equipment** – The disclosure has incorrectly split the revaluation movement on council dwellings between the revaluation reserve and the surplus/deficit on provision of services. The disclosure has been amended to show revaluation increases in the revaluation reserve of £732k (amended from £2,919k). Revaluation decreases in the CIES of £3,518k (amended from £134k increase).
- **Note 13 – Depreciation Methodologies** – the estimated useful life for operational buildings has been amended from 10 – 36 years to 8 – 39 years to reflect the actual estimated useful lives in the asset register.
- **Note 32 – Officers’ Remuneration** – The salary disclosed for the Head of Commissioning, Contracts & Procurement did not agree to payroll information, as a result of incorrect rounding. The salary has been amended from £56k to £57k. The salary for the Solicitor to the Council (to 23rd September) did not include all elements of pay. The disclosure has been amended from £12k to £13k. The narrative within the Note has been enhanced to fully reflect the arrangements with North Yorkshire County Council.
- **Note 32 – Exit Packages** – The note has been updated to reflect the full cost of exist packages in the year of £47k, not the £14k originally disclosed. The number of exit packages has also increased from 2 to 3.
- **Note 36 – External Audit Costs** – the note has been amended to reflect the Housing Benefits Assurance fee that has been agreed for 2019/20. this has resulted in an increase in costs disclosed of £2k.
- **Note 37 – Grant Income** – The figures disclosed for Rent Rebates have been amended from £4,856k to £4,737k and Rent Allowances from £6,509k to £6,256k to reflect the amount of income received. The note has been amended to include £182k of ‘other grants’ that were omitted from the original disclosure.
- **Note 4 to the Collection Fund** – The percentage share of income from business rates has been amended to agree to the actual shares received. Selby DC share has been amended from 52% to 53% and North Yorkshire County Council has been updated from 22% to 21%.

In addition to the above, we identified a number of minor presentational issues during our audit and these have all been amended by the Council.

5. VALUE FOR MONEY CONCLUSION

Our audit approach

We are required to form a conclusion as to whether the Council has 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.

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below.

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	<p>The Council operates an Executive with a Leader model, and this is governed by a Council Constitution including the normal features of an effective governance framework in local government.</p> <p>The Corporate Plan sets out priorities which include delivering affordable housing and promoting economic growth and development. Delivery is monitored in quarterly performance reports and in the Annual Report. New decisions are supported by reports that outline 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 Plan (MTFP) 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 Audit and Governance Committee met regularly during the year. The Audit and Governance Committee monitors the Council's system of internal control. The Internal Audit plan has been delivered for the year and the Head of Internal Audit Opinion provided 'moderate' assurance. Internal Audit report directly to the Audit and Governance Committee. The Audit Committee receive regular reports tracking services progress in responding to Internal Audit recommendations. The Audit Committee challenges management to ensure recommendations are implemented and this is in a timely manner.</p>	Yes

5. VALUE FOR MONEY CONCLUSION

Sub-criteria	Commentary	Arrangements in place?
Sustainable resource deployment	<p>The MTFP was approved by the Executive in February 2020. The plan set out the pressures faced by the Council in the coming year including demand and funding pressures. The plan included the need for savings over the medium term including £1.8m in 2020/21 financial year. When the plan was developed it was forecasting savings of £6.5m over the life of the plan. The plan was developed and agreed prior to the COVID-19 pandemic and before the full consequences of the pandemic could be reasonably foreseen. The Council is now revisiting the MTFP in light of COVID-19 and the anticipated economic consequences in the short and medium term. This includes consideration of the key expenditure and income assumptions included in the plan. This is understandably difficult given the significant levels of ongoing uncertainty. Our VFM conclusion considers the arrangements in place for the 2019/20 financial year and recognises that the consequences of the pandemic impact on arrangements in the 2020/21 financial year.</p> <p>The 2019/20 outturn shows that this was a challenging financial year for the Council, with an overall revenue budget spend of £363k. Income shortfalls across a number of areas contributed to a large proportion of the overspend. The planning service income was down £194k, the majority of which was due to large applications not coming forward as anticipated. Recycling income also generated a shortfall of £90k due to the low rate received per tonne for recyclable materials now not covering the costs of bulking. These pressures have been reported to the Executive throughout the year, and mitigating actions put in place. The above pressures will continue alongside the financial pressures and challenges created by the response and recovery from COVID-19.</p> <p>In recent years the Council has benefitted from additional business rates income which is now around £9m per year largely arising from renewables at the Drax power station. The Council has prudently assumed that this is not guaranteed to continue and has set sums aside for investment, rather than using them to support the base budget, although there has been some investment in the capacity needed to manage the use of the additional funds that are available.</p> <p>There has been progress on the Programme for Growth during 2019/20 with £1.9m project spend and further spend committed across a range of projects for 2020/21.</p>	Yes

5. VALUE FOR MONEY CONCLUSION

Sub-criteria	Commentary	Arrangements in place?
Working with partners and other third parties	<p>The Council works with a range of third parties. The Better Together partnership with North Yorkshire County Council is a strong example. The effectiveness of the partnership was reviewed by the Executive during 2019/20, and the decision to extend the agreement to 2023 was made.</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.</p>	Yes

Significant audit risks

The NAO’s guidance requires us to carry out work to identify whether or not a risk to our conclusion exists. Risk, in the context of our value for money conclusion 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. In our Audit Strategy Memorandum, we reported that we had identified no significant audit risks.

Our overall conclusion

Our draft auditor’s report included in Appendix B states that we intend to issue an unqualified value for money conclusion for the 2019/20 financial year.



APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

Selby District Council
Civic Centre
Doncaster Road
Selby
YO8 9FT

[XX] October 2020

Dear Mark

Selby District Council - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of Selby District Council (the Council) for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and applicable law.

I confirm that the following representations, to the best of my knowledge and belief, are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date. There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary

APPENDIX A DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2019/20 in relation to the Council's PFI schemes that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties and I am satisfied that the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the Council will cease to continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. Please make sure the appendix is attached to the letter and not cross-referenced to the appendix in the ACR. Please remove this paragraph if no unadjusted mis-statements.

Yours faithfully

Chief Finance Officer:

Date:

Independent auditor's report to the members of Selby District Council

Report on the financial statements

Opinion

We have audited the financial statements of Selby District Council for the year ended 31 March 2020, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Selby District Council as at 31st March 2020 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of land and buildings

We draw attention to note 4 and 15 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's land and buildings. As disclosed in note 4 and 15 of the financial statements, the Council's valuer included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic, consequently, less certainty and a higher degree of caution should be attached to the valuations, than would normally be the case. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where: the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

APPENDIX B

DRAFT AUDITOR'S REPORT

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Selby District Council Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Selby District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether 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. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

APPENDIX B

DRAFT AUDITOR'S REPORT

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the members of Selby District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of Selby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

OR

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Mark Kirkham

For and on behalf of Mazars LLP

5th Floor
3 Wellington Place
Leeds
LS1 4AP

APPENDIX C INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

CONTACT

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Report Reference Number: A/20/12

To: Audit and Governance Committee
Date: 29 July 2020
Status: Non-Key Decision
Ward(s) Affected: All
Author: Karen Iveson; Chief Finance Officer (s151)
Lead Executive Member: Councillor Cliff Lunn, Executive Lead Member for Finance and Resources
Lead Officer: Karen Iveson; Chief Finance Officer (s151)

Title: CIPFA Financial Management Code

Summary:

CIPFA's Financial Management Code (FM code) is a framework to ensure strong financial management in local authorities. Compliance with the FM Code is mandatory for 2021/22 onwards.

This report provides a self-assessment, action plan and progress update on the FM Code.

Covid-19 has impacted on the progress against the actions, but work will continue over the remainder of the year to ensure compliance from April 2021.

A further progress update will be brought to the January meeting.

Recommendation:

It is recommended that, subject to comments from the Committee, the actions are endorsed, and that progress be noted.

Reason for recommendation:

To ensure the agreed actions are completed.

1. Introduction and background

1.1 Strong financial management is an essential part of ensuring public sector finances are sustainable. The Financial Management Code (FM Code) identifies risks to financial sustainability and provides a framework of assurance.

1.2 Compliance with the FM Code is the collective responsibility of elected members, the Chief Finance Officer and Leadership Team colleagues.

1.3 2021/22 is the first year of compliance, with 2020/21 giving time for authorities to reflect on the contents of the FM Code and demonstrate how they are working towards compliance.

2. The Report

2.1 A self-assessment was completed in December 2019 and adopted by Leadership Team in January 2020. The self-assessment (attached at **Appendix A**) provides an overview of the requirements of the FM code and a “RAG” rating for each standard:

- **Green** – Compliant with the Code
- **Amber** – Largely compliant but some areas for improvement
- **Red** – Not compliant /significant areas for improvement

2.2 11 out of the 14 standards have been assessed as Green and 3 as Amber. Overall the Council’s financial management arrangements are strong although some areas for improvement have been identified. A number of actions have been agreed but Covid-19 has impacted on capacity to take all of these forward as originally planned. These actions remain and we will aim to address them in advance of April 2021.

2.3 A further progress update will be brought to this Committee in January 2021.

3. Alternative Options Considered

Not applicable.

4. Implications

4.1 Legal Implications

None as a direct result of this report.

4.2 Financial Implications

None as a direct result of this report.

4.3 Policy and Risk Implications

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

4.4 Corporate Plan Implications

Ensuring an effective financial management framework underpins delivery of the Council Plan.

4.5 Resource Implications

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

4.6 Other Implications

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

4.7 Equalities Impact Assessment

Not applicable.

5. Conclusion

- 5.1** Overall the Council's financial management arrangements are strong although some areas for improvement have been identified. Whilst Covid-19 has impacted on our capacity to implement the actions as originally planned, we will aim to complete by April 2021.

6. Background Documents

None.

7. Appendices

Appendix A – Financial Management Code Self-Assessment and Action Plan Update as at October 2020

Contact Officer:

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APPENDIX A

CIPFA Financial Management Code – Self Assessment

Council: Selby District Council

RAG Rating

Green – Compliant with the Code

Amber – largely compliant but some areas for improvement

Red – Not compliant /significant areas for improvement

Principle	Self-Assessment (RAG rated) December 2019	Areas for Improvement	Progress Update October 2020
<p>Financial Management Standard A The leadership team is able to demonstrate that the services provided by the authority provide value for money.</p>	<p>Amber - Value for Money is assessed as part of the external audit process and the Council has consistently received an unqualified Value for Money Opinion. Delivering 'great value' is one of the strategic objectives within the Council Plan. An annual 'Value for Money' review is contained within the Service Level Agreement for the Finance Service and this identifies (with the caveat that published data is limited) those services where the Council performs strongly relative to its peers and where improvements could be made. However, the VFM assessment for 2018/19 was not delivered due to other competing demands and it has been delayed in 2019/20</p>	<p>The Value for Money review should be prioritised and delivered for 2019/20 and annually thereafter.</p> <p>Responsible Officer: CFO Indicative timescale: 31 March 2020</p>	<p>Covid-19 has impacted on the resources available to undertake this work and therefore it is currently on hold.</p> <p>Additional capacity has been agreed as part of the latest Programme for Growth which should enable the necessary capacity to be diverted towards VFM work.</p> <p>A revised deadline of 31 March 2021 is proposed but this remains high risk due to on-going impacts of Covid-19.</p>
Financial	Green - The Council complies with	Strengthen the links	Covid-19 has impacted on capacity to

<p>Management Standard B The authority complies with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.</p>	<p>CIPFA's Statement on the Role of the CFO – the CFO is part of the Council's Senior Leadership Team and reports directly to the Chief Executive. The role is currently a joint role with NYCC and is employed by NYCC as part of the wider 'Better Together' collaboration between the two councils. A review of the SLA between SDC and NYCC recommends that the link between the CFO and wider finance functions are strengthened.</p>	<p>between the CFO and wider finance function. Responsible Officer: Chief Executive Indicative Timescale 31 March 2020</p>	<p>consider this, but this will be taken forward prior to 1 April 2021. The prospect of LGR has also thrown up some challenges around the potential for conflicts of interest as the CFO is employed by NYCC. In order to maintain the integrity of the CFO role for SDC the CFO is not involved in LGR at NYCC.</p>
<p>Financial Management Standard C The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<p>Amber - Internal Audit are a key part of the Council's assurance framework and meet routinely with the S151 Officer and Leadership Team to ensure that Audit resources are appropriately directed towards areas of greatest need (applying a risk based approach) and that audit actions are followed up. Leadership have acknowledged the need for a greater focus on engagement with Internal Audit and implementation of agreed actions flowing from individual audits.</p>	<p>Improve the timeliness of agreeing actions from internal audit and the implementation of those actions. Responsible Officer: Leadership Team Indicative timescale: Immediate</p>	<p>Quarterly Internal Audit progress reports are scheduled for discussion at Leadership Team to ensure sufficient focus on implementing agreed actions. However, Covid-19 has impacted on capacity across the organisation and revised timescales for actions in 20/21 are proposed (see audit progress report).</p>

<p>Financial Management Standard D The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</p>	<p>Green - The Council's Annual Governance Statement is prepared with consideration to CIPFA's good governance framework and principles.</p>		
<p>Financial Management Standard E The financial management style of the authority supports financial sustainability.</p>	<p>Green - The Corporate Plan (new Council Plan approved by Council in December 2019) and MTFS set the strategic framework for the Council and the tone for financial leadership. Financial Sustainability is one of the key objectives within the "...delivering great value" priority of the Council Plan.</p> <p>The financial strategy aims to provide financial sustainability, resilience and capacity for the Council in pursuing its objectives.</p>		
<p>Financial Management Standard F The authority has carried out a credible and transparent financial resilience assessment.</p>	<p>Green - Financial resilience is a key objective of the Council's Medium Term Financial Strategy. An annual budget risk assessment is undertaken which underpins the budget.</p>		

<p>Financial Management Standard G The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>Green - The MTFS developed in consultation with the Leadership team and executive members. It is approved by the Executive before being recommended to full Council.</p> <p>The MTFS is built around a best, worst and mid-case funding scenario with the mid-case being the scenario which provides the framework for the annual budget and 3 year financial plan.</p> <p>The MTFS does not forecast service costs in any detail although does highlight risk – consideration should be given to developing more accurate long term cost forecasting for areas of significant risk.</p>	<p>Develop long term service forecasts for areas of significant risk.</p> <p>Responsible Officer: CFO</p> <p>Indicative Timescale: 30 September 2020</p>	<p>The MTFS approved by Council in September 2020 includes an assessment of significant service related issues along with appropriate scenarios.</p>
<p>Financial Management Standard H The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>	<p>Green - The Council's Treasury Management Strategy and prudential indicators comply with the requirements of the Prudential Code.</p> <p>An assessment has also been undertaken against CIPFA's new Prudential Guide to Property Investment and the Council complies with the guidance.</p>		

<p>Financial Management Standard I The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</p>	<p>Green - The Council has a 3 year indicative budget which underpins annual service planning.</p> <p>Risk, issues and investment proposals drive financial and service planning.</p>		
<p>Financial Management Standard J The authority complies with its statutory obligations in respect of the budget setting process.</p>	<p>Green - The Council sets a balanced budget and complies with the requirements in relation to the S151 Officer statement on the robustness of the budget and adequacy of reserves.</p> <p>(See annual budget report to full Council – February each year)</p>		
<p>Financial Management Standard K The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.</p>	<p>Green - As above</p>		

<p>Financial Management Standard L The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.</p>	<p>Green - The MTFS and budget is developed in consultation with Executive Members, Leadership Team and Extended Leadership Team. The draft budget proposals are subject to consultation with the public (citizens, businesses and community groups, staff etc) and both the MTFS and budget are scrutinised by the Council's Policy Review Committee before final consideration of any feedback and recommendations to full Council.</p>		
<p>Financial Management Standard M The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>Green - Investment decisions are subject to financial appraisal using appropriate financial modelling for example discounted cash flow using whole life costs and income.</p> <p>The Council has an approved Project Management Framework which applies to all significant projects.</p> <p>Project documentation includes linkages to corporate objectives and an assessment of benefits and risks and the outputs/outcomes to be achieved however there could be improvements in the routine use of these documents.</p>	<p>Strengthen the routine use of project documentation</p> <p>Responsible Officer: Leadership Team Indicative Timescale: Immediate</p>	<p>The Council Plan and Programme for Growth will be supported by appropriate project documentation. Preparation of project briefs is in progress</p>

<p>Financial Management Standard N The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<p>Amber - Quarterly in-year financial and performance monitoring reports are brought to Leadership Team as part of the Executive reporting cycle.</p> <p>Ad-hoc reports are also brought when significant issues are identified.</p> <p>However lack of progress on savings leading to in-year 'overspending' and significant slippage on capital programmes and the Programme for Growth projects indicates that more robust in year financial management is needed.</p>	<p>Identify mitigating actions to address significant overspending and slippage in major spending programmes.</p>	<p>Quarterly financial reports are brought to Leadership Team for scrutiny and challenge and Finance representatives attend departmental management team meetings to provide support and constructive challenge to service managers.</p> <p>Covid-19 is having a significant impact on organisational capacity and our ability to undertake works which has led to capital programmes being reprofiled. Significant impacts on costs/income/savings/ are being tracked but remain high risk due to uncertain nature of the virus and its consequential impacts on society and the economy.</p>
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Report Reference Number: A/20/13

To: Audit and Governance Committee
Date: 21 October 2020
Authors: Ed Martin - Audit Manager at Veritau, Jonathan Dodsworth - Assistant Director Corporate Fraud at Veritau, Rebecca Bradley - Assistant Director Information Governance at Veritau Group
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Internal Audit, Counter Fraud and Information Governance Progress Report 2020/21

Summary:

The purpose of the report is to provide an update on the delivery of the internal audit work plan for 2020/21. The report also updates the committee on counter fraud and information governance work undertaken so far in 2020/21. Due to Covid-19, work on the annual audit plan was delayed so this report updates members on the plans for completion of work over the remainder of 2020/21.

Recommendation:

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

Reason for recommendation:

To enable the committee to fulfil its responsibility to review the outcomes of internal audit and counter fraud work, including any issues arising, and action being taken.

1. Introduction and background

- 1.1** The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations 2015).
- 1.2** The Audit and Governance Committee approved the Internal Audit, Counter Fraud and Information Governance plans for 2020/21 at the meeting held on 29 July 2020.

- 1.3** The purpose of this report is to inform the committee of the progress in delivering the 2020/21 plans, and on the plans for completion of work over the remainder of 2020/21.

2. The Report

- 2.1** Details of internal audit, counter fraud and information governance work undertaken in 2020/21 are included in the reports at appendices A to C respectively.

Internal Audit

- 2.2** Veritau carries out internal audit work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3** Internal audit provides assurance on corporate governance arrangements, internal control and risk management to the Council's management team and this committee.
- 2.4** There are nine 2019/20 audits where fieldwork had been completed or draft reports issued when Covid-19 led to normal audit work being temporarily suspended at the request of the council. Where appropriate, issues identified from this work have been reported. Where actions are required, these will be agreed with managers as part of 2020/21 work.
- 2.5** Planning has commenced on 11 audits for 2020/21, with fieldwork expected to start soon. Further audits will be agreed with managers as the year progresses.

Counter Fraud

- 2.5** Veritau delivers a counter fraud service to the Council. The counter fraud team aims to prevent, detect and deter any fraud committed against the council. Veritau supports the Council's section 151 officer in delivering the Council's counter fraud strategy.
- 2.6** Normal areas of work for the team have been hampered by Covid-19 but new work has emerged relating to Covid-19 grants. The counter fraud team has supported the Council through investigations of suspected fraudulent Covid-19 grant applications. Four investigations have been completed to date and £30k of payments have been prevented. The team is sharing intelligence with regional partners and national organisations to help prevent public money from falling into the hands of criminals. The team is also currently undertaking post assurance checks on successful grant applications to help detect fraud and error.
- 2.7** To date, the counter fraud team have detected £8.4k of loss to the council and achieved £8k in actual savings for the council. There are

currently 17 investigations ongoing. A summary of counter fraud work carried out during 2020/21 is included at appendix B.

Information Governance

- 2.8** Information Governance provides advice and assurance on compliance with the GDPR and Data Protection Act 2018. This includes the Information Asset Register, Privacy Notices, Data Protection Impact Assessments and project specific advice.
- 2.9** Action is ongoing to address the outstanding areas of the Information Asset Register and other areas of GDPR compliance. An updated action plan has been provided to the council and CIGG (Corporate Information Governance Group) is coordinating the delivery of this plan.
- 2.10** Veritau worked with the council to respond to Covid-19. A new privacy notice for council employees was written and published; an Information Sharing Agreement (ISA) was put in place for Covid-19 related sharing and guidance and advice was given to the council on changes to working arrangements.
- 2.11** Information security incidents continue to be reported to Veritau and investigated. Veritau has provided advice on the completion of data protection impact assessments and is providing support in respect of surveillance and law enforcement processing. Training sessions will be held with council officers on data protection rights and principles and records management. These will be held online.
- 2.12** A detailed summary of information governance activity and arrangements is included in Appendix C.

3. Implications

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

4. Conclusion

- 4.1** While there have been delays in starting the 2020/21 audit plan, it is expected that the 2020/21 internal audit plan will be completed. Progress will be reported to future committees.
- 4.2** The counter fraud team continue to help deliver the aims and objectives of the Council's counter fraud strategy. Fraud reported to the team is investigated and progress is regularly reported to the committee.
- 4.3** An action plan is in place to deliver information governance work on behalf of Selby District Council; this will be overseen by the council's CIGG. Regular liaison takes place with the council's Senior Information Risk Owner (SIRO) and regular updates are reported to this committee.

Background Documents

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

Appendices:

Appendix A: Internal audit progress report – October 2020

Appendix B: Counter fraud progress report – October 2020

Appendix C: Information governance progress report – October 2020

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Selby District Council

Internal Audit Progress Report 2020/21

Audit Manager:	Ed Martin
Deputy Head of Internal Audit:	Richard Smith
Head of Internal Audit:	Max Thomas
Date:	21 st October 2020



Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, 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 2020/21 Internal Audit Plan at their meeting on 29th July 2020. This was delayed due to Covid-19 and the plan included an allocation of time for work in response to Covid-19. The total number of planned days for delivery of internal audits in 2020/21 was 235 days. There is also an allocation of 25 days for risk management.

Internal Audit Work In Progress 2020/21

- 3 Annex 1 summarises the work in progress for the 2020/21 plan. Work is underway on a number of audits, with the majority being at the planning stage.
- 4 The audits listed are those that are underway or have been agreed with management to take place during the year. Further audits will be added as the year progresses and as these are agreed with management. Audits to be completed will include consideration of emerging issues and risks arising from Covid-19.
- 5 All audits are currently being carried out remotely and virtual meetings held with officers.
- 6 There were some outstanding audits from 2019/20, where fieldwork had been completed or draft reports issued when Covid-19 led to normal audit work being temporarily suspended at the request of the council. Where appropriate, issues identified from this work have been reported. Where actions are required, these will be agreed with managers as part of 2020/21 work.

Follow up of agreed actions

- 7 It is important that agreed actions are formally followed-up to ensure that they have been implemented. Where necessary internal audit will undertake further detailed review to ensure the actions have resulted in the necessary improvement in control.
- 8 A number of actions have revised implementation dates. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable. Covid-19 and the demands on officers time in dealing with this would be expected to lead to some delays. These actions will be followed up after the revised target date and if necessary they will be raised with senior managers in accordance with the escalation procedure.
- 10 All 42 agreed actions from 2017/18 audits have been followed up with the responsible officers. Of these, 39 have been satisfactorily implemented. The other three actions had not been implemented by the target date; a revised target date

was subsequently agreed and the action will be followed up again after that point. A summary of this follow up work is included below:

2017/18 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	39	1	19	19
Revised date agreed	3	1	1	1
Follow up in progress	0	0	0	0
Not yet followed up	0	0	0	0
Total agreed actions	42	2	20	20

- 11 A total of 63 agreed actions from 2018/19 audits have been followed up with the responsible officers. Of these, 36 have been satisfactorily implemented. In the other 27 cases a revised target date has been agreed and the action will be followed up again after that point. A summary of this follow up work is included below:

2018/19 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	36	1	23	12
Revised date agreed	22	0	13	9
Follow up in progress	5	0	4	1
Not yet followed up	0	0	0	0
Total agreed actions	63	1	40	22

- 12 Where 2019/20 audits had been finalised, actions will be followed up as normal. Two actions have already been implemented. Other actions were not yet due and as a result of Covid-19 some follow up action was delayed. These are now being followed up as normal.
- 13 A number of 2019/20 audits were at the draft report issued stage when Covid-19 led to normal audit work being temporarily suspended to allow officers and Veritau to concentrate on responding to Covid-19 (see annex 2 for list of these audits). Where issues were identified these will be discussed with officers as part of 2020/21 audit work and actions agreed with managers.
- 14 Where Priority two actions have been revised for more than 6 months, details and current status can be found at annex 3.

2020/21 Audits

Audit	Status
<u>Corporate Risk Register</u>	
Health and Safety	Planning commenced
<u>Financial Systems</u>	
Council Tax & NNDR	Planning commenced
Benefits	Planning commenced
Creditors	Planning commenced
General Ledger	Planning commenced
Debtors	Planning commenced
Payroll	Planning commenced
<u>Operational, Technical and Project Audits</u>	
Absence Management	Planning commenced
Data Quality	Planning commenced
Contract Management and Procurement	Planning commenced
Environmental Health	Planning commenced

Draft Reports Issued

There are nine 2019/20 audits where fieldwork was completed or draft reports issued but not finalised due to Covid-19. In most cases, any issues identified will be discussed further as part of 2020/21 work and actions will be agreed with management as part reporting of 2020/21 work. These audits and the draft audit opinion were reported as part of the Head of Internal Audit annual report to audit and governance committee on 29th July 2020 and are detailed below for information.

Audit	Status¹
Corporate Risk Register	
Savings Delivery	Draft report issued (Reasonable Assurance)
Financial Resilience	Draft report issued (Substantial Assurance)
Financial Systems	
Benefits	Draft report issued (Substantial Assurance)
Council Tax & NNDR	Fieldwork completed (Reasonable Assurance)
Creditors	Fieldwork completed (Reasonable Assurance)
General Ledger	Draft report issued (Substantial Assurance)
Regularity / Operational Audits	
Community Infrastructure Levy	Draft report issued (Reasonable Assurance)
Data Quality	Draft report issued (Substantial Assurance)
Health and Safety	Draft report issued (Substantial Assurance)

¹ Draft audit opinions have been included in brackets where reports have not been finalised due to Covid-19. The opinion could change if significant new information is received which changes the auditors opinion of risk and control.

Annex 3: P2 actions or above with revised dates of more than 6 months

Audit	Agreed Action	Priority rating	Responsible Officer	Due	Notes
Information Governance	The agreed actions have been consolidated into one action. These actions have been included in the Council's GDPR action plan – with Veritau acting as DPO for SDC.	2	Chief Finance Officer (SIRO)	31 March 2021	<p>Most actions relating to DPA 2018 & GDPR have been completed and reported to Selby CIGG.</p> <p>On-going work is required in relation to information asset management and law enforcement processing which is included within the Information Governance work programme agreed with the Data Protection Officer (Veritau).</p>
Payment Card Industry Data Security Standard (PCI DSS)	New software purchased as old system ceased to be supported. Implementation of new software should resolve PCI DSS issues Management responsibility has been defined. Responsibility for completing annual PCI DSS assessment to be assigned.	1	Head of Business Development & Improvement	31 December 2020	The council procured a new system during 2019-20 to enable PCI DSS compliance. Whilst originally it was hoped that this would be implemented by September 2020, delays due to Covid-19 mean this is now likely to be delayed slightly to December 2020. The new system should resolve

					PCIDSS issues.
Contract Management and Procurement	<p>An audit found there were no procedures for reporting breaches of the Contract Procedure Rules once they have been identified.</p> <p>CPRs have been updated but due to Covid-19 follow up testing has not been completed to confirm the implementation and effectiveness of the new procedures.</p>	2	Head of Commissioning, Contracts & Procurement	31 March 2020	<p>The CPRs have been updated to include that breaches are a serious matter that need to be reported so that they can be investigated further. The CPRs also include details on who breaches should be reported to.</p> <p>This will be followed up further as part of 2020/21 work on contract management and procurement.</p>
Performance Management	<p>PDR guidance to be reviewed and updated</p> <p>HR to undertake QA review of sample of PDRs</p> <p>Return rate of PDRs to be monitored & all PDRs reviewed and returned to manager if not complete.</p> <p>Training plan to be completed promptly following PDR process.</p>	2	Head of Business Development and Improvement	Revised date 31 December 2020	<p>A wholesale review of PDRs is planned for 2020 but this has been delayed.</p> <p>Existing guidance will be updated in advance of the next round of PDRs, to be completed at the end of 2020/21.</p>

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Selby District Council

Counter Fraud Progress Report 2020/21

Assistant Director – Corporate Fraud: Jonathan Dodsworth
Deputy Head of Internal Audit: Richard Smith
Head of Internal Audit: Max Thomas
Date: 21st October 2020



Background

- 1 Fraud is a significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom.
- 2 Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.
- 3 Veritau are engaged to deliver a corporate counter fraud service for Selby District Council. A corporate counter fraud service aims to prevent, detect and deter fraud and related criminality affecting an organisation. Veritau deliver counter fraud services to the majority of councils in the North Yorkshire area as well as local housing associations and other public sector bodies.

Covid-19 Grant Fraud

- 4 The Covid-19 pandemic has created a number of issues, and unplanned work, for the counter fraud team. New procedures have had to be implemented to replace activities which involved face to face contact with the public, e.g. interviews under caution and visits to properties. While normal areas of work for the team have been hampered, new work has emerged relating to Covid-19 grants. The Council has paid £17 million to local businesses on behalf of central government to support them during the crisis. These grants have been the focus of fraudulent applications by organised criminal gangs.
- 5 The counter fraud team has supported the Council through investigations of suspected fraudulent Covid-19 grant applications. Four investigations have been completed to date and £30k of payments have been prevented. The team is also sharing intelligence with regional partners and national organisations such as the National Investigation Service (NATIS) and the National Anti-Fraud Network (NAFN). This work has helped prevent public money from falling into the hands of criminals.
- 6 The team has undertaken post assurance checks on successful grant applications to detect fraud and error. Seventy-two successful applications were reviewed, which represented 5% of each of three types of grant awards: the Small Business Grant Fund, Retail Hospitality Leisure Grant Fund 10k, and Retail Hospitality Leisure Grant Fund 25k. Seventy-one applications were verified as being correctly awarded and one has been flagged for further checks.

Counter Fraud Performance 2020/21

- 7 Up to 30 September, the fraud team detected £8.4k of loss to the council and achieved £8k in savings for the council. There are currently 17 ongoing investigations. A summary of counter fraud activity is included in the tables below.

COUNTER FRAUD ACTIVITY 2020/21

The tables below show the total number of fraud referrals received and summarises the outcomes of investigations completed during the year to date.

	2020/21 (As at 30/09/20)	2020/21 (Target: Full Year)	2019/20 (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).	36%	30%	75%
Amount of actual savings (quantifiable savings - e.g. CTS and CTAX) identified through fraud investigation.	£8,052	£14,000	£16,728
Amount of savings from the prevention of Covid-19 grant fraud (to be returned to Central Government)	£30,000	n/a	n/a

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Caseload figures for the period are:

	2020/21 (As at 30/09/20)	2019/20 (Full Year)
Referrals received	42	114
Referrals rejected	17	72
Number of cases under investigation	17	11 ¹
Number of investigations completed	11	24

¹ As at 31/3/20

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2020/21 National Fraud Initiative (NFI) is underway. The counter fraud team is currently assisting the Council in gathering the required datasets which will be sent to the Cabinet Office for data matching. The team has reviewed privacy notices to ensure that the Council meets its obligations around the use of this data. Matches are expected to be released from February 2021 onwards.</p> <p>The NFI exercise will also conduct data matching exercises on Covid-19 grant payments to detect fraud and error.</p>
Fraud detection and investigation	<p>The service continues to use 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"><li data-bbox="421 1027 1995 1193">• Covid-19 Grants – Four applications for Covid-19 grants have been investigated. One was found to be valid. Three were blocked before payment was made. One person received a written warning as a result of their application and they were asked to start paying business rates to the Council. There are two ongoing investigations.<li data-bbox="421 1246 1995 1366">• Council Tax Support fraud – To date the team has received 19 referrals for possible CTS fraud. Savings of £4.4k have been achieved. There are currently 2 cases under investigation.

Activity	Work completed or in progress
	<ul style="list-style-type: none"> • Council Tax fraud – Ten referrals for council tax fraud have been received in 2020/21. There are currently 6 cases under investigation. Fraud and error of £8k has been detected during the current financial year, with savings of £1.7k achieved. • NNDR fraud – Eight referrals for NNDR fraud have been received in 2020/21. £1.7k in savings have been achieved. Four cases are currently under investigation. • Housing fraud – The team has received four referrals for investigation in the year. Two checks on Right to Buy applications have been completed. There are currently 5 ongoing investigations in this area. • Internal fraud – No cases of internal fraud have been reported this year.
Fraud liaison	The fraud team acts as a single point of contact for the Department for Work and Pensions for fraud issues and is responsible for providing data to support their housing benefit investigations. The team have received no requests in 2020/21.
Fraud Management	<p>In 2020/21 a range of activity is being undertaken to support the Council's counter fraud framework.</p> <ul style="list-style-type: none"> • The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year. • In May, the Council's counter fraud transparency data was updated to include data on counter fraud performance in 2019/20, meeting the Council's obligation under the Local

Activity	Work completed or in progress
	<p data-bbox="517 252 1160 288">Government Transparency Code 2015.</p> <ul data-bbox="472 341 1998 464" style="list-style-type: none"><li data-bbox="472 341 1998 464">• The Council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in September 2020. The information will contribute to a CIPFA national report detailing the extent fraud against local authorities.



Selby District Council

Information Governance Progress Report October 2020

Information Governance Manager: Rebecca Bradley
Head of Internal Audit: Max Thomas
Date: 21st October 2020



PURPOSE OF THE REPORT

- 1 To provide an update on Information Governance matters and developments in the Council's Information Governance arrangements and compliance with relevant legislation.
- 2 Information governance is the framework established for managing, recording, protecting, using and sharing information assets in order to support the efficient and effective delivery of services. The framework includes management structures, policies and processes, technical measures and action plans. It helps to ensure information is handled securely and correctly, and provides assurance to the public, partners and other stakeholders that the Council is complying with all statutory, regulatory and best practice requirements. Information is a key asset for the Council along with money, property and human resources, and must therefore be protected accordingly. Information governance is however the responsibility of all employees.
- 3 The Council must comply with relevant legislation, including:
 - The Data Protection Act 2018
 - The General Data Protection Regulation (GDPR)
 - Freedom of Information Act 2000
 - Environmental Information Regulations 2004
 - Regulation of Investigatory Powers Act 2000
- 4 In March 2018, the Council appointed Veritau to be its statutory Data Protection Officer (DPO).
- 5 The Corporate Information Governance Group (CIGG) is responsible for overseeing information governance within the council. The group is chaired by the Head of Business Development and Improvement and provides overall direction and guidance on all information governance matters. CIGG also helps to support the Council's Senior Information Risk Owner (SIRO) to discharge her responsibilities. CIGG is currently coordinating the delivery of the GDPR action plan, which includes reviewing and updating the council's information governance strategy and policy framework. Due to Coronavirus (Covid-19) CIGG's first virtual meeting this year was in July.

GDPR ACTION PLAN UPDATE

- 6 A new action plan has been provided to the Council with a thorough breakdown of actions to achieve our deliverables.
- 7 A review of the council's privacy notices has been completed and gaps identified. These will be amended in conjunction with the review of the Information Asset register.
- 8 Work will begin to review and update the information governance policy framework. It is anticipated that initial review will be completed by the end of Q3, with amendments completed in Q4.

- 9 A Special Category Policy, required to satisfy Schedule 1, Part 4 of the Data Protection Act 2018 is in the final draft phase. This document lists the types of special category information the council processes and their lawful basis to do so. This will be presented at the next CIGG meeting for review.
- 10 The Information Asset Register has been amended to reflect GDPR compliance needs. Work is ongoing to ensure the register is correct and up to date. Veritau is working with the relevant service teams to complete this work. Major outstanding areas include Legal, HR, Housing and Environmental Health. Some areas require small amendments. This has been escalated with the SIRO and new deadline dates were set in CIGG.
- 11 A gap analysis of the Council's Information Sharing Agreements (ISA) has been completed with areas of concern identified. Veritau will contact the service managers, querying these and confirming if an ISA is held and where. If no ISA is held, or cannot be found, then this will become a priority action to have this in place. This will at first be applied to the completed service areas on the IAR and then applied to the rest once they are completed.

CORONAVIRUS (COVID-19)

- 12 A new privacy notice for Council employees was written and published in response to Coronavirus (Covid-19).
- 13 The Council worked with other members of the North Yorkshire Information Sharing Protocol to put in place an overall ISA for Covid-19 related sharing. Sharing has therefore been taking place in accordance with this agreement.
- 14 A range of guidance documents were provided to advise staff on secure home working, sharing employee personal data and the Council's obligations around statutory requests.
- 15 Advice was given in relation to the Council holding remote Council meetings.

TRAINING

- 16 Veritau delivered one training session on Data Protection Rights and Principles in November 2019 which 21 staff attended. A second session was planned for early 2020. However due to a low number of attendees, and after consultation with the SIRO, the decision was taken to cancel this. This will be planned for further in the year.
- 17 The Records Management training sessions will be taking place and it has been accepted that adjustments may need to be made due to the move to using Office 365.
- 18 It was agreed at CIGG that further training sessions will be held online and in smaller sessions, which will be introduced in 2020.

INFORMATION SECURITY INCIDENTS (DATA BREACHES)

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

Year	Quarter	Red	Amber	Green	White	Total
2019/20	Q1	0	2	2	1	5
	Q2	0	1	0	2	3
	Q3	0	0	0	0	0
	Q4	0	0	0	0	0
	Total	0	3	2	3	8

SUBJECT ACCESS REQUESTS – INTERNAL REVIEWS

- 21 Veritau do not process Subject Access Requests for Selby however we do advise on Internal Reviews when appropriate.

DATA PROTECTION IMPACT ASSESSMENTS

- 22 High Street Heritage Action Zone Project Newsletters

Veritau are supporting the service area with the launch of a newsletter to promote events related to the Heritage project. Guidance has been given for a DPIA and a first draft has been completed and returned to Veritau for checking. A draft privacy notice is prepared, ready for when a processor is chosen and the IAR will also be updated to reflect this.

- 23 MyView

In 2019, the council implemented MyView. However a DPIA was not done before implementation. This has been ongoing and a first draft of the DPIA for has been received in September, with comments returned.

- 24 Biometric for Laptops DPIA

Veritau is supporting the service area in the DPIA for the use of employee biometric data for the use of fingerprint unlocking on work laptops, phones and other equipment where this can be enabled.

25 Canvass Reform

The service area are currently writing the DPIA for the changes to how information is collected as part of the Canvass Reform as set out in new legislation by the Cabinet Office.

SURVEILLANCE

26 Veritau have had a number of meetings with Angela Crossland and others to move the surveillance work forward. The Surveillance log has been circulated and a gap analysis will be completed. Actions will be set to prioritise which DPIA's and ISAs need to be in place. Progress will continue to be reported to CIGG.

27 Draft policy documents and privacy notices are completed and are now subject to comments, with amendments taking place in due course. Work is ongoing to review the current RIPA (Regulation of Investigatory Powers Act) Policy. Veritau will provide advice and assist the council in ensuring that it is incorporated into the new suite of surveillance documents.

28 The Council have received a letter from the Surveillance Camera Commissioner, dated 20 December 2019. In April 2020, the council received the further letter with the questionnaire. Veritau supported the Council to collate the relevant information and return it to the Commissioner. Due to the impact of Coronavirus (Covid -19), an extension of a week was granted and the Council met the deadline for the return.

LAW ENFORCEMENT

29 An initial scoping exercise has taken place to ascertain which areas of the council may need to be considered as undertaking law enforcement processing, which is governed by Part 3 of the Data Protection Act 2018. An initial meeting took place between Veritau and Legal to discuss some of the finer details. Legal have been tasked with providing Veritau a complete list of all areas which undertake any type of 'criminal offence' activity such as planning offences.

30 Privacy notices have been reviewed with law enforcement in mind. It has been agreed that any changes to the notices will occur at the same time as any identified updates as per paragraph 7 above.

31 A draft policy document around law enforcement processing, which is a legal requirement, has been completed. This will now be reviewed with a view of publishing along with the new special category policy.

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Report Reference Number: A/20/14

To: Audit and Governance Committee
Date: 21 October 2020
Author: Michelle Oates, Senior Accountant
Lead Officer: Karen Iveson, Chief Finance Officer
Executive Member: Councillor Cliff Lunn, Executive Lead Member for Finance and Resources

Title: Statement of Accounts 2019/20

Summary:

The purpose of this report is to enable Councillors to undertake an examination of the Council's financial accounts for the financial year 2019/20 and seek approval of them.

Recommendations:

Councillors approve the 2019/20 Statement of Accounts

1. Introduction and background

- 1.1 The Accounts and Audit Regulations 2015 require members to approve the Council's audited statutory accounts by 31 July 2019 following the financial year-end. However, due to the Covid-19 pandemic, this deadline was extended until 30th November 2020 for the 2019/20 Accounts.
- 1.2 The accounts have been produced under the requirements of International Financial Reporting Standards (IFRS).

2. The Report

- 2.1 The Statement of Accounts represents the culmination of the formal financial reporting obligations placed upon the Council and the content of the Accounts presented is largely prescribed by the statutory and professional guidance.
- 2.2 The audited Council's Statement of Accounts for 2019/20 is attached for approval at Appendix A. The Accounts have been prepared in accordance with the code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- 2.3 It is important that the Council has sound financial, governance and resource management arrangements in place to ensure that the resources are available and used to support the Council's priorities, improve services and secure value for money for our citizens.
- 2.4 Specifically in respect of financial statements members are expected to "exercise collective responsibility for, and prioritise, financial reporting and demonstrate robust challenge and scrutiny."
- 2.5 To assist Councillors in this regard, an explanatory paper is attached at Appendix B.
- 2.6 The Statement of Accounts also contains a Narrative Statement which highlights the key financial issues during 2019/20 and considers these in the context of the Council's future financial challenges and objectives.
- 2.7 Councillors are asked to consider the Statement of Accounts in detail along with the supporting notes, and either raise issues with the Chief Finance Officer prior to the meeting so that a response can be prepared, or discuss any such matters as necessary and appropriate at the meeting of the committee.
- 2.8 The accounts were made available for public inspection from 21 July 2020 to 31 August 2020, this is a departure from normal practice in which the unaudited accounts are published on 31 May each year. The Ministry of Housing, Communities and Local Government (MHCLG), in light of the Covid – 19 pandemic, changed the reporting dates from 31 May 2020 to 31 August 2020. However, Selby District Council elected to publish the unaudited accounts on 20 July 2020. The auditor was available to answer queries regarding the accounts during this period. No queries were received.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None as a consequence of this report.

3.2 Financial Issues

None as a consequence of this the report.

4. Conclusion

- 4.1 Production of the Annual Statement of Accounts is a statutory requirement. The Statement of Accounts is the financial expression of the Council's overall worth and financial standing.

5. Background Documents

- 5.1 2019/20 closedown working papers.

Contact Officer:

Michelle Oates – Senior Accountant
moates@selby.gov.uk

Appendices:

Appendix A: 2019/20 Statement of Accounts **(to follow)**
Appendix B: Explanatory paper to the Accounts **(to follow)**

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Report Reference Number: A/20/15

To: Audit and Governance Committee
Date: 24 October 2020
Status: Non-Key Decision
Ward(s) Affected: All
Author: Alison Hartley Solicitor to the Council & Monitoring Officer
Lead Executive Member: Councillor Mark Crane, Leader of the Council
Lead Officer: Alison Hartley Solicitor to the Council and Monitoring Officer

Title: Local Authority Ombudsman Annual Review Letter 2020

Summary:

This report provides Members with the Local Government Ombudsman's Annual Review Letter 2020 for Selby District Council for consideration.

Recommendation:

To note the content of the letter and provide any comments for consideration by the Leadership Team.

Reason for recommendation:

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

1. Introduction and background

The office of Local Government Ombudsman (now the Local Government and Social Care Ombudsman "LGSCO") was established 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.

The LGSCO is the final stage for complaints, as the complainant must have first progressed through the internal complaints procedure before the Ombudsman will accept a complaint. Therefore, complaints to the Ombudsman often represent only a small proportion of the total number of complaints made.

The Ombudsman usually cannot look at a complaint if:

- it is made more than 12 months since the knowledge of the issue arose
- the complainant is not personally affected, e.g. the issue affects most people in the area
- the complainant has not been caused an injustice
- it is about personnel matters (such as employment or disciplinary issues)
- 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

Each year the Ombudsman issues an annual report. An annual summary of the complaints made in the previous 12 months including the resultant decisions is provided to each local authority. The Annual Letter is at Appendix A, and contains a link to Selby District Council's Statistics and Ombudsman Reports for Member's information:

<https://www.lgo.org.uk/Decisions/SearchResults?t=both&fd=2019-04-01&td=2020-03-31&dc=c%2Bnu%2Bu%2B&aname=Selby%20District%20Council&sortOrder=descending>

2. The Report

- 2.1 The LGSCO Annual Report for Selby states that 12 complaints and enquiries were made against the District Council with 5 decisions being made. There were 7 instances where matters were closed after initial enquiries. This is because the Ombudsman's office will assess the complaints received before coming to a decision on whether they merit a detailed investigation or not. 5 cases progressed to detailed investigation. In relation to the 5 detailed investigations; 3 were upheld. In relation to matters referred to the Ombudsman Service in 19/20, the majority of cases concerned planning and development and housing.
- 2.2 The LGSCO Annual Letter recognises the importance of complaints in terms of positive learning and improvement of services that can result following their consideration. It is pleasing to note that the Selby District Council statistics show a 100% record of successfully implementing Ombudsman recommendations, and that in 33% of upheld cases they found the Council had provided a satisfactory remedy before the complaint reached the Ombudsman. This compares to an average of 20% in similar authorities.
- 2.3 It should be noted that the Covid-19 Lockdown did not occur until March 2020, and therefore has not impacted upon complaints handling that is reported in the Annual Letter. Following Lockdown, the Ombudsman Office postponed investigation of complaints and instead focussed on providing advice and support to local authorities, and therefore the picture to be reported next year is unlikely to show comparative data.

2.4 Members are asked to note the positive way in which lessons have been learned and action taken to implement recommendations.

3. Implications

3.1 Legal Implications

None.

4.2 Financial Implications

None.

4.3 Policy and Risk Implications

None.

4.4 Corporate Plan Implications

None.

4.5 Resource Implications

None.

4.6 Other Implications

None.

4.7 Equalities Impact Assessment

None.

5. Conclusion

The information provided in the Annual Review Letter assists the Council in improving performance and understanding the needs of local residents.

6. Background Documents

None.

7. Appendices

Appendix A –Annual Letter from the LGO dated 24 July 2019 and Summary of Complaints 2019-20

Contact Officer:

Alison Hartley, Solicitor to the Council and Monitoring Officer

ahartley@selby.gov.uk or 01757 292095

22 July 2020

By email

Ms Waggott
Chief Executive
Selby District Council

Dear Ms Waggott

Annual Review letter 2020

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2020. Given the exceptional pressures under which local authorities have been working over recent months, I thought carefully about whether it was still appropriate to send you this annual update. However, now, more than ever, I believe that it is essential that the public experience of local services is at the heart of our thinking. So, I hope that this feedback, which provides unique insight into the lived experience of your Council's services, will be useful as you continue to deal with the current situation and plan for the future.

Complaint statistics

This year, we continue to place our focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have made several changes over recent years to improve the data we capture and report. We focus our statistics on these three key areas:

Complaints upheld - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated. A focus on how often things go wrong, rather than simple volumes of complaints provides a clearer indicator of performance.

Compliance with recommendations - We recommend ways for authorities to put things right when faults have caused injustice. Our recommendations try to put people back in the position they were before the fault and we monitor authorities to ensure they comply with our recommendations. Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedies provided by the authority - We want to encourage the early resolution of complaints and to credit authorities that have a positive and open approach to

resolving complaints. We recognise cases where an authority has taken steps to put things right before the complaint came to us. The authority upheld the complaint and we agreed with how it offered to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

This data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 29 July 2020, and our Review of Local Government Complaints. For further information on how to interpret our statistics, please visit our [website](#).

Resources to help you get it right

There are a range of resources available that can support you to place the learning from complaints, about your authority and others, at the heart of your system of corporate governance. [Your council's performance](#) launched last year and puts our data and information about councils in one place. Again, the emphasis is on learning, not numbers. You can find the decisions we have made, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the tool with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

Earlier this year, we held our link officer seminars in London, Bristol, Leeds and Birmingham. Attended by 178 delegates from 143 local authorities, we focused on maximising the impact of complaints, making sure the right person is involved with complaints at the right time, and how to overcome common challenges.

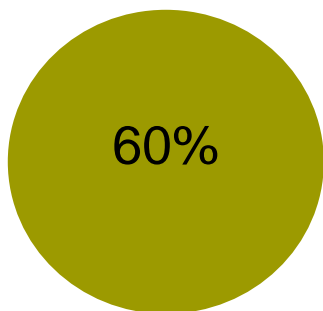
We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. During the year, we delivered 118 courses, training more than 1,400 people. This is 47 more courses than we delivered last year and included more training to adult social care providers than ever before. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



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

Complaints upheld



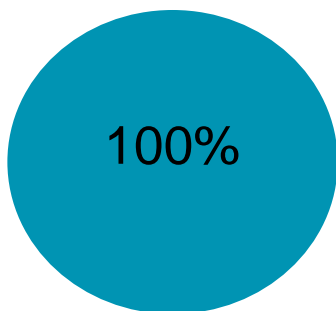
60% of complaints we investigated were upheld.

This compares to an average of **45%** in similar authorities.

3
upheld decisions

Statistics are based on a total of 5 detailed investigations for the period between 1 April 2019 to 31 March 2020

Compliance with Ombudsman recommendations



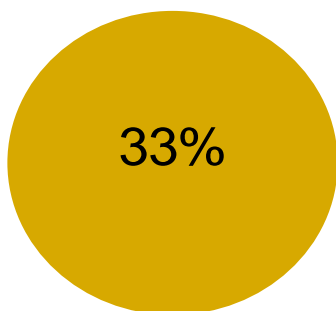
In **100%** of cases we were satisfied the authority had successfully implemented our recommendations.

This compares to an average of **99%** in similar authorities.

Statistics are based on a total of 2 compliance outcomes for the period between 1 April 2019 to 31 March 2020

- Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedies provided by the authority



In **33%** of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **20%** in similar authorities.

1
satisfactory remedy decision

Statistics are based on a total of 5 detailed investigations for the period between 1 April 2019 to 31 March 2020

Selby District Council (19 015 556)

● Statement ● Closed after initial enquiries ● Councillor conduct and standards ● 27-Feb-2020

Summary: Mr X complains about the delay in the Council's review of a decision on a complaint about a councillor. The Ombudsman will not investigate this complaint as we are unlikely to find fault in the Council's actions and an investigation is unlikely to lead to a different outcome.

Selby District Council (19 000 671)

● Statement ● Upheld ● Disabled facilities grants ● 18-Feb-2020

Summary: Mr X says the Council is at fault in how it handled works agreed as part of a Disabled Facilities Grant (DFG). The Ombudsman found some evidence of fault but considers the Council has already provided a suitable remedy for the matters he can consider. He has therefore completed the investigation.

Selby District Council (18 019 104)

● Statement ● Not upheld ● Enforcement ● 11-Feb-2020

Summary: There was no fault by the Council in a complaint that it failed to take enforcement action against alleged breaches of planning control at a neighbouring development.

Selby District Council (18 013 961)

● Statement ● Upheld ● Enforcement ● 07-Feb-2020

Summary: Mr X complains the Council failed to take enforcement action against multiple breaches of planning control by developers, principally involving working hours, over four years. While not all the matters reported were breaches, many were, and the Council's failure to escalate enforcement action, and its unjustified decision to designate Mr X as a vexatious complainant, caused him and his wife significant distress, a loss of quiet time, unnecessary anxiety and time and trouble. The Council will apologise and pay Mr X £2600.

Selby District Council (19 013 392)

● Statement ● Closed after initial enquiries ● Other ● 27-Jan-2020

Summary: The Ombudsman will not investigate this complaint about the Council seeking an affordable housing contribution in relation to the complainant's planning application. This is because the complainant did not contact the Ombudsman within 12 months of becoming aware of the alleged fault, and there are insufficient grounds to exercise discretion to consider the matter now.

Selby District Council (19 008 590)

● Statement ● Closed after initial enquiries ● Planning applications ● 16-Dec-2019

Summary: Mr X complains the Council delayed in determining planning applications and failed to take effective enforcement action in respect of an unauthorised music venue. Mr X knew about the issues more than 12 months before he complained to the Ombudsman and there is no basis to exercise discretion to now investigate his complaint. Mr X's complaint is outside the Ombudsman's jurisdiction.

Selby District Council (19 000 133)

● Statement ● Not upheld ● Noise ● 26-Jul-2019

Summary: Mrs X complains the Council has not properly investigated a noise from a neighbouring property as it has not carried out monitoring when the weather is below freezing. The Council has installed noise monitoring equipment on two occasions and this includes when the temperature fell below zero. The Council's professional judgment is the noise does not constitute a statutory nuisance. There is no fault in how the Council investigated the noise complaint.

Selby District Council (18 014 504)

● Statement ● Upheld ● Enforcement ● 12-Jul-2019

Summary: The Council correctly investigated concerns about a neighbour operating a business at home, and causing noise nuisance to Mr B. However, the Council failed to respond to some of Mr B's correspondence which caused annoyance, the Council will apologise.

Selby District Council (19 002 361)

● Statement ● Closed after initial enquiries ● Planning applications ● 02-Jul-2019

Summary: The Ombudsman will not investigate this complaint about how the Council dealt with the complainant's concerns about a neighbouring property. It is unlikely the Ombudsman would find evidence of fault by the Council.

Selby District Council (19 001 276)

● Statement ● Closed after initial enquiries ● Planning applications ● 11-Jun-2019

Summary: The Ombudsman will not investigate Mrs X's complaint about the Council not determining a planning application it received in November 2018. Mr X is the planning applicant. It is for Mr X to decide whether to use his right of appeal to the Planning Inspectorate against the Council's non determination of his application, agree an extension of time, or tolerate the Council's delay. Mrs X's claimed injustice is not caused directly by the Council. The Ombudsman cannot ask the Council to explain its delay on Mr X's planning application. He is a third party who has not complained. The Ombudsman has no power to persuade Mr X to use his appeal right or press the Council to decide his application.

Selby District Council (19 002 902)

● Statement ● Closed after initial enquiries ● Elections and electoral register ● 28-May-2019

Summary: The Ombudsman cannot investigate Mr X's complaint about a document which listed candidates for the European elections. The organisation of elections is the responsibility of the Returning Officer who acts in a personal capacity and not on behalf of the Council. The complaint is therefore outside our legal remit.

Selby District Council (18 018 447)

● Statement ● Closed after initial enquiries ● Planning applications ● 11-Apr-2019

Summary: Mr and Mrs X complain about the Council's consideration of their request to alter a planning legal agreement. The Ombudsman will not investigate this complaint because the complaint about the original response is out of time and the Council's actions now do not contain fault.

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Agenda Item 11



Report Reference Number: A/20/16

To: Audit and Governance Committee
Date: 21 October 2020
Author: Dawn Drury, Democratic Services Officer
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Audit and Governance Committee Annual Report 2019-20

Summary:

A draft Annual Report is provided for the Committee's consideration and approval.

Recommendation:

To approve the Audit and Governance Committee Annual Report 2019-20.

Reason for recommendation:

The Audit and Governance Committee is required, under Article 6 of the Constitution, to prepare an Annual Report reviewing its work during the previous municipal year.

1. Introduction and background

1.1 Article 6 of the Constitution requires the Audit and Governance Committee to prepare an Annual Report which should review its work during the previous municipal year.

2 The Report

2.1 A draft Annual Report is attached at Appendix A. This has been drafted by the Chair and the Democratic Services Officer and it is now available for the Committee to consider.

2.2 The Report has been structured in three sections:

- An introduction from the Chair
- A summary of the membership, role and work of the committee

- An appendix comprising a retrospective work programme and summary of decisions for 2019-20.

2.3 The Committee is asked to consider any amendments and approve the report for publication.

3 Legal/Financial Controls and other Policy matters

3.1 None.

4. Conclusion

4.1 The Committee is asked to approve the draft Annual Report 2019-20 to comply with the requirement of Article 6 of the Constitution.

5. Background Documents

None.

Contact Officer:

Dawn Drury, Democratic Services Officer
Ext: 42065
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Appendices:

Appendix A – Draft Audit and Governance Committee Annual Report 2019-20



Audit and Governance Committee

Annual Report 2019/20

Introduction from the Chair – Councillor Karl Arthur

I am pleased to present the Audit and Governance Committee Annual Report 2019/20.

The overall responsibility of the Committee is to scrutinise and monitor the Council's control systems, procedures and risk management systems. As Chair of the Committee I provided a report to each Council meeting highlighting the Committee's work.

The Committee was fortunate to again have excellent officer support to help guide it through complex reports and also excellent advice from both our Internal and External Auditors. I would like to take this opportunity to thank our head of Internal Audit, Mr Phil Jeffrey for all his hard work with Selby District Council as Head of our Internal Auditor Veritau and welcome Mr Ed Martin to the role. The committee looks forward to working with him in the future.

As in recent years, the Committee continued to attend briefings prior to meetings, which were largely focussed on the most important item of business being considered at the subsequent meeting. This helped to further ensure that Committee members were able to fully undertake their scrutiny duties.

The Committee met three times during the municipal year and considered a range of different issues. The Committee's Work Programme ensured a strong focus on the priorities of the Council and the concerns of local people, this included regular reviews of audit reports and risk management systems.

I am delighted to say that there were no items of business for the Standards Committee to investigate during the course of the 2019/20 municipal year. However, I would like to take this opportunity to thank Philip Eastaugh, Hilary Putman and Wanda Stables for continuing to volunteer as independent members in case it was needed.

I would like to thank all councillors who served on the Audit and Governance Committee during 2019/20, for their support and continued hard work. Owing to elections in May 2019 we were able to welcome new members to the committee (I believe that Cllr. Judith Chilvers and I are the only members who sat on the committee from the previous council). I would like to take this opportunity to wish retiring members of the council or members who have moved to alternative committees well for the future and hope that the new members enjoy their time on this committee. Many people have contributed to the work of the committee, including officers and external partners. I would like to put on record my thanks to them.

I am confident that the audit and governance of Selby District Council is robust and I look forward to the coming municipal year.



Councillor Karl Arthur
Chair, Audit and Governance Committee
29 July 2020

Audit and Governance Committee Annual Report 2019/20

The Audit and Governance Committee membership comprised the following members during the 2019-20 municipal year:

8 Members

Conservative	Labour	Yorkshire Party
Karl Arthur (Chair)	John Duggan	Eleanor Jordan
Neil Reader (Vice-Chair)	Keith Franks	Dave Brook
John Mackman		
Judith Chilvers		
Substitutes	Substitutes	Substitutes
John Cattanach	Paul Welch	Mike Jordan
Ian Chilvers	Jennifer Shaw-Wright	
Andrew Lee		

The Committee met three times during the year (30 July 2019, 23 October 2019 and 29 January 2020) A further meeting was scheduled for 22 April 2020 however as a result of the Coronavirus crisis and national lockdown imposed on 23 March 2020 by the UK Government, all Selby District Council committee meetings were cancelled and therefore this meeting did not go ahead.

Council officer support during the year was provided by:

- Karen Iveson, Chief Finance Officer
- Bernice Elgot, Interim Solicitor to the Council and Monitoring Officer (up to September 2019) and Alison Hartley, Solicitor to the Council and Monitoring Officer (from 23 September 2019)
- Dawn Drury, Democratic Services Officer

Representatives of both internal audit (Veritau) and external audit (Mazars) were in attendance at every meeting and the relevant council officers were also present to answer questions from the Committee. In addition, the Chair maintained a dialogue throughout the year with Veritau and Mazars.

The Role of the Audit and Governance Committee

The Audit and Governance Committee is responsible for scrutinising and monitoring the control systems, procedures and risk management systems operating at the Council.

In accordance with the Council's Constitution, the Committee has delegated authority to:

- monitor and report on the effectiveness of the Council's Constitution;
- receive reports from the Monitoring Officer on the effectiveness of the Standards arrangements adopted by the Council;
- scrutinise and approve the Council's Annual Governance Statement, statement of accounts, income and expenditure and balance sheet or records of receipts and payments (as the case may be);

- be satisfied that the Council's assurance statements, including the Annual Governance Statement, have been properly developed and considered by councillors;
- to scrutinise and monitor the control systems, procedures and risk management systems operating at the Council;
- receive, but not direct, internal audit service strategy and plan and monitor performance;
- receive the annual report of the internal audit service;
- review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary;
- consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors;
- consider the reports of external audit and inspection agencies relating to the actions of the Council;
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
- review the financial statements, external auditor's opinion and reports to councillors, and monitor management action in response to issues raised by external audit;
- issue reports and make recommendations, where appropriate, and in relation to any matters listed above, for consideration by the Council, Executive or the relevant committee of the Council;
- monitor the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 for the use of authorisation of surveillance.

2019/20 Work Programme

During 2019/20 the Audit and Governance Committee reviewed and considered:

- the statutory financial statements of the Council and Annual Governance Statement;
- reports made on Selby District Council by the external auditor (Mazars);
- the work of the internal auditor (Veritau);
- other issues falling within the Council's control and risk management framework.

A summary of the Committee's work over the year is set out at Appendix A.

To assist the Committee in its work, an 'action log' was maintained throughout the year which listed issues and actions arising from each meeting. The action log was considered at each meeting, with updates provided by officers on the progress and status of previously agreed actions. The action log was included on the agenda for each meeting and published in advance.

Member Development

The nature of the Committee's work requires a high level of knowledge of the Council's control framework and financial arrangements. In order to ensure members of the Committee developed the skills and knowledge necessary to fulfil their role, a variety of training and development opportunities were provided throughout the year. Attendance at these sessions was very high.

Member development included training sessions prior to Committee meetings.

Looking forward to 2020/21 the Committee is keen to further develop its skills and knowledge, with the theme of future training continuing to reflect the Committee's Work Programme. The Chair will encourage attendance at these member development sessions to ensure that the Committee is adequately equipped to fulfil its role effectively.

Committee Objectives for 2020/21

The Committee seeks to improve and maintain the Council's focus on issues arising from risk management, internal control mechanisms, internal and external audit, and financial statements. The Committee will continue to meet with external auditors to monitor their services and activities to ensure that independence is maintained between the external auditor and the Council's management team, and to discuss their independent observations on management's ability to maintain strong internal controls and appropriate financial reporting.

Members will ensure that planned audits are performed in a timely and effective manner and that any internal audit recommendations that have been agreed by management are implemented.

The Committee will play a proactive role working with the Leadership team and auditors in creating and reviewing the Council's fraud prevention and detection program and ensuring that investigations are undertaken if fraud is uncovered.

To ensure the Council's ability to meet its financial and compliance responsibilities and that transparency is achieved in financial disclosures.

Conclusion

Throughout 2019/20, the Audit and Governance Committee exercised its delegations across a broad range of topics and had the opportunity to further develop the skills and knowledge of its members to ensure that the Council's control framework was adequately scrutinised.

Audit and Governance Committee Work Programme Review – 2019/20

30 July 2019	
Topic	Outcome
Annual Report of the Head of Internal Audit 2018/19	The Committee considered the Annual Report of the Head of Internal Audit (Veritau), which confirmed that the Council provided 'Reasonable Assurance' in respect of the governance, risk management, and control frameworks. It was further confirmed that a total of 96% of reports were completed to draft report stage by the end of April 2018, which exceeded the performance target for Veritau of 93%. The Committee noted that in relation to the Council's counter fraud activity in 2018-19, to date actual savings of £22k had been achieved through fraud investigation.
External Audit Completion Report 2018/19	The Committee considered the External Audit Completion Report, it was highlighted that some of the audits had still been in progress at the date the report had been published, however these audits had now been completed apart from Property, Plant and Equipment. The Committee noted that in relation to the risk relating to Property, Plant and Equipment, an error had been identified in the value of Council Dwellings. For one group of Council Dwellings, the value in the asset register did not agree to the value provided by the valuer, this resulted in a £2.2m understatement in the valuation of Council Dwellings. It was confirmed that the Council would be issued with a value for money conclusion for the 2018/19 financial year; no significant risks had been identified, and there had been no threats to Veritau's independence.
Statement of Accounts 2018/19	The Committee approved the Statement of Accounts 2018/19.
Risk Management Annual Report 2018/19	The Committee considered the Risk Management Annual Report for 2018/19 and noted that over the past year, in addition to supporting managers to review risks in their service areas, project risk management training had been delivered to the Council's corporate project managers; and a risk workshop had been held with the Extended Management Team which had resulted in a revised and refreshed Corporate Risk Register (CRR).
Corporate Risk Register	The Committee reviewed the Corporate Risk Register 2018-19, which provided an update on the movements which had taken place within the Corporate Risk Register since it was last reported to the committee in January 2019; and endorsed the actions of officers in furthering the progress of risk management.
Consideration of Internal Audit Reports	The Committee considered the Internal Audit Report, which advised that an audit completed on 17 July 2019 expressed the overall opinion that the controls within the system only provided 'Limited

	Assurance'. The Committee noted that actions had been agreed to address the issues identified, and that the priority one action had already been implemented: with the other actions in progress. The Committee was satisfied that appropriate action was being taken.
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23 October 2019	
Topic	Outcome
Local Government and Social Care Ombudsman Annual Review Letter 2018/19	The Committee considered the Local Government and Social Care Ombudsman Annual Review Letter 2018/19, which presented a summary of the complaints submitted in relation to Selby District Council and the associated decisions made by the Ombudsman. The Committee noted that the Council had received 15 complaints in the year 2018/19, of which only 3 cases had been progressed to a detailed investigation by the Ombudsman, of which 2 had been upheld.
Internal Audit, Counter Fraud & Information Governance Progress Report	The Committee reviewed progress against the Internal Audit, Counter Fraud and Information Governance Plan and noted progress to date. The Committee were informed that 88% of investigations completed had resulted in a successful outcome, achieving £4.8k of cash savings for the Council, and avoiding a £78k 'loss' in respect of a Right to Buy application being cancelled. The Committee were also informed that the Counter Fraud team, in conjunction with the Council's Communications team, had run a cybercrime awareness week, delivering cybercrime awareness information to Council employees, which had proved very successful. The Committee were informed that in February 2019 CIPFA had published updated guidance on the application of the Public Sector Internal Audit Standards (PSIAS) in local government. To reflect the guidance a number of minor updates to the Internal Audit Charter had been proposed, which received approval from the Committee.
External Annual Audit Letter 2019	The Committee noted that the External Annual Audit Letter was a formal report on the outcome of the external audit, and that the positive findings had been presented to the Committee at the previous meeting in July 2019. The Committee further noted that the Council had positive arrangements in place to ensure value for money. The Partner, Mazars LLP highlighted that the Council were in a fortunate position due to the annual windfall in business rates income arising from renewables at Drax power station.
External Audit Progress Report	The Committee reviewed the External Audit Plan, which provided a progress report in relation to the work and responsibilities of the external auditors. It was noted that the external audit for 2018-19 had been completed, and the report set out a summary of the planning work to be undertaken in relation to the 2019-20 external audit.

Admittance of Scarborough Borough Council to Veritau North Yorkshire	<p>The Committee heard that Veritau North Yorkshire (VNY) had been established in 2012 as a subsidiary of Veritau Limited, which was wholly owned by North Yorkshire County Council and City of York Council. At that time VNY was established with Veritau having 50% shareholding and five North Yorkshire district councils equally shared the remaining 50%, one of which was Scarborough Borough Council. In 2014 Scarborough Borough Council opted to leave the shared service and established its own in-house team for audit services, however as a result of subsequent budget cuts and vacancies the service was no longer sustainable and therefore Scarborough had asked to be re-admitted to Veritau North Yorkshire. The Committee was informed that Scarborough Borough Council would be asked to make a capital contribution of £10k, but there would be no financial impact on any of the existing district councils.</p> <p>The Committee noted that re-admitting Scarborough Borough Council into VNY, would add resilience and further efficiency to the Council's internal audit service, and were therefore supportive of the proposal.</p>
Consideration of Internal Audit Reports	<p>The Committee considered the Internal Audit Report, which advised that an audit had been completed on 2 October 2019 and the overall opinion was that the controls within the system only provided 'Limited Assurance'. The Committee noted that actions had been agreed to address the issues identified, and that many of the actions had already been completed. The Committee was satisfied that appropriate action was being taken.</p>

29 January 2020	
Topic	Outcome
Information Governance Annual Report 2019	<p>The Committee considered the Information Governance Annual Report 2019, which provided an update on information governance matters during 2019. The Committee was satisfied with the content of the report, and noted that with regard to the General Data Protection Regulations (GDPR) a new Information Governance Strategy had been put in place; with a Corporate Information Governance Group (CIGG) consisting of internal officers and Veritau to monitor compliance. The Committee heard that all staff had received mandatory training in relation to data protection, and an information security check had been carried out at the Civic Centre by Veritau to test the systems in place; the audit had established that improvements had been made since the previous check.</p>
External Audit Progress Report	<p>The Committee reviewed progress against the External Audit Plan and noted that the planning work for the 2019-20 external audit was underway. The Committee noted that the 2018/19 Housing Benefits</p>

	<p>Subsidy report to the Department of Work and Pensions (DWP) had been submitted ahead of the deadline of 30 November 2019. In relation to the national publications listed within the report, and specifically the Chartered Institute of Public Finance and Accountancy (CIPFA), Financial Management Code the Chief Finance Officer informed the Committee that work was in progress to ensure that the Council met the first full year of compliance with the Code, in 2021-22, and that a report on the Code had been taken to the Leadership Team; a self-assessment document would be brought to Committee in due course.</p>
Review of Risk Management Strategy	<p>The Committee were informed that the Risk Management Strategy had been reviewed following consultation with the Leadership Team, and it was noted that the strategy remained largely unchanged following the review, however minor amendments had been made and an updated definition of risk management had been included. The Chief Finance Officer explained that the Council had individual service risk registers and a corporate risk register which were reviewed regularly to identify the possibilities for risk.</p>
Corporate Risk Register 2019-20	<p>The Committee reviewed the Corporate Risk Register 2019-20 and noted that there was a total of 12 risks on the Council's Corporate Risk Register for 2019/20. In response to a query regarding the risks defined as high risks relating to financial resources and economic environment, the Chief Finance Officer highlighted that financial uncertainty remained pending the reform of local government funding which was why the risk was considered to be high.</p>
Internal Audit, Counter Fraud & Information Governance Progress Report	<p>The Committee reviewed progress against the Internal Audit, Counter Fraud and Information Governance Plan and noted progress to date. The Committee noted that savings of £9.4k had been achieved through fraud investigation, and that the Council had prosecuted a former tenant for subletting a council property over the course of two years; the tenant had pleaded guilty to all charges and was fined £1,400. The Corporate Fraud Assistant Director praised the work of the Council's legal team and thanked them for their help with the prosecution.</p>
Annual Governance Statement 2018-19 – Action Plan Review	<p>The Committee reviewed progress against the Action Plan for the Annual Governance Statement for 2018/19 and noted progress to date. The Committee heard that a review of Overview and Scrutiny arrangements had been completed, and the training needs of all Committee members was being monitored, along with quarterly discussions and the sharing of work programmes between the Executive and the Chairs of Scrutiny. In terms of Information Governance and Data Protection an action plan was now in place and significant progress had been made to address the implications of GDPR; however it was stressed that officers and Councillors must be vigilant to the importance of data security. The Committee were also informed that the Council had put an order in to purchase new software, Civica Pay, which would remove the software risks around compliance in relation to the Payment Card Industry Data Security Standard (PCI DSS).</p>

Counter Fraud Framework Update	The Committee approved the updated Counter Fraud and Corruption Strategy Action Plan, which was reviewed annually to ensure that it was fit for purpose and noted the updated Counter Fraud Risk Assessment. The Committee noted that procurement fraud remained the highest perceived area of threat nationally, and although levels of housing fraud detected had fallen, the average loss per case remained high at £32k. To mitigate the risk, procurement and housing frauds were areas of focus for Veritau in 2020-21; along with raising awareness by working with officers to put stringent checks in place.
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The following items were due to be considered at the final meeting of the municipal year, as a result of the Coronavirus crisis and national lockdown imposed on 23 March 2020 by the UK Government, all Selby District Council committee meetings were cancelled, and decisions taken using urgency procedures.

22 April 2020	
External Audit Progress Report	
External Audit Strategy Memorandum	
Internal Audit, Counter Fraud & Information Governance Progress Report	
Internal Audit, Counter Fraud & Information Governance Plans 2020-21	
Review of Local Government Ethical Standards on Standards in Public Life	
Audit and Governance Committee Annual Report 2019-20	
Work Programme 2020-21	