



## **Councillor Karl Arthur – Chair of Audit and Governance Committee**

### **Update to Council on 15 December 2020**

The Audit and Governance Committee has met once since the last update provided to the Council on 22<sup>nd</sup> September 2020. The meeting took place on Wednesday 21<sup>st</sup> October 2020.

### **Audit and Governance Committee Meeting – 21<sup>st</sup> October 2020**

This Audit and Governance meeting had eleven items on the agenda. As usual I would like to thank both officers and committee members for their support and comments during the course of the meeting.

During the chairs address at the start of the meeting I updated members on the work of Sir Tony Redmond, who has led an independent review into oversight of local audit and transparency of local government reporting.

A number of detailed recommendations have been put forward to the review. These include:

- A review of potential simplification of local government accounts and a revision to the deadline for publishing the audited accounts from 31<sup>st</sup> July to 30<sup>th</sup> September each year;
- A review of the governance arrangements within local authorities by local councils with the purpose of an annual report being submitted to Full Council by the external auditors;
- Consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee;
- Formalising a facility for the Councils Chief Executive Officer (CEO), Monitoring Officer and Chief Finance Officer (CFO) to meet the Key Audit Partner at least annually; and
- A revision to the current fee structure for local authorities to ensure that adequate resources are deployed to meet the full extent of local audit requirements.

To date the review has not been considered by the Government, the committee looks forward to a formal report from officers any of the contents become mandatory.

Members noted the purpose of the Redmond Review.

During the course of the meeting the most important item which the committee discussed was the Statement of Accounts for 2019-20.

Members queried what had occurred in the General Fund to produce the negative variance in customer and client receipts. It was confirmed that the scale of planning applications received had not been as high as had been budgeted for, and that this had resulted in reduced income from planning fees, there was also reduced property and recycling income and reduced occupancy in industrial units.

In response to a query regarding why targets had not been realised in budget savings, the Chief Finance Officer advised members that the Council had a Comprehensive Savings Plan, which is reported to the Executive quarterly. It has highlighted that the short fall in savings was due to a number of different reasons. These included capacity to process the Digital Strategy and transformation.

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

Members received the External Audit Completion Report 2019-20 from the Partner at Mazars – the authority's external auditor. In response to a question about how assurance of the valuation of the North Yorkshire County Council (NYCC) Pension Scheme was acquired, it was confirmed that there was a routine liaison arrangement in place with the auditor at NYCC to provide yearly figures.

Members also asked a number of questions in relation to material certainty on the valuation of property, plant and equipment made at 31<sup>st</sup> March, how assets were valued and how the £33k triviality level was determined. It was confirmed that challenge on the valuation estimation was undertaken and the judgment reached by the valuer had been considered, assets were valued at a fair value, and the triviality level was a proportion of the Council's gross revenue expenditure. Members noted the report.

Members also considered the Internal Audit, Counter Fraud and Information Governance Report 2020-21. The Audit Manager from Veritau presented the report which provided an update on progress made in delivery of the internal audit work plan for 2020-21, along with an update on the counter fraud and information governance work undertaken to date in 2020-21.

In relation to a query regarding when the council had last been inspected for compliance regarding the Regulation of Investigation Powers Act 2000, the Solicitor to the Council was unable to confirm the specific date but confirmed that the policy was currently being reviewed and would be circulated to the committee once the review was complete.

The committee asked a number of questions in relation to three identified fraudulent Covid-19 grant applications. It was confirmed that one company had not been operational and two had provided false details to divert monies. It was confirmed that the perpetrators had been reported to the relevant authorities for action to be taken against them.

In relation to the review of the Councils Privacy Notices members queried what gaps had been identified in the review, and why a new privacy notice had been written for Council Employees in response to Covid-19. Veritau informed members that the gap had been identified in service areas where specific privacy notices were required, and that the new employee privacy notice informed employees about what the Council did with their personal details and how they protected the data.

Members noted the report.

Turning to the CIPFA Management Code, members were satisfied that the self-assessment was completed in December 2019 and adopted by the Leadership Team in January 2020. It was highlighted that some areas for improvement had been identified with a number of actions on the action plan agreed by the Leadership Team. Members noted the report.

The Committee also considered the Local Government and Social Care Ombudsman Annual Review Letter 2019-20 and were assured that the complaints process was operating effectively and noted the importance of complaints in terms of positive learning and improvement of services following their consideration. The Committee was informed that the Council had received 12 complaints in 2019-20 and of those only five had gone to detailed investigation by the Ombudsman of which three had been upheld. The Committee noted the report.

Finally, the Committee considered and approved the Annual Audit and Governance Committee Report 2019-20.

### **Change of Committee Membership**

At our last meeting in October the Committee welcomed three new members Cllr's Mike Jordan and Tim Grogan from the Conservative Group and Don Mackay from the Independent Group. They replaced Cllr's John Mackman, Ellie Jordan and Dave Brook and I would to place on record my thanks to them for their input and support at previous meetings.

### **Next Meeting**

The next meeting of the Audit and Governance Committee will be taking place on Wednesday 27 January 2021.

I commend my statement to the council.

**Councillor Karl Arthur**

**Chair, Audit and Governance Committee**