

# Minutes

## Audit & Governance Committee

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Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Tuesday, 27 July 2021
Time:	5.00 pm
Present:	Councillors N Reader (Chair), K Franks, J Duggan and C Richardson
Officers present:	Karen Iveson (Chief Finance Officer), Ed Martin (Audit Manager, Veritau), Daniel Clubb (Counter Fraud Manager, Veritau), Connor Munro (Audit Manager, Veritau); and Dawn Drury (Democratic Services Officer)
Others present:	Councillor C Lunn (Lead Executive Member for Finance and Resources)

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### **1 APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Councillors Arthur, Mackay, Jordan and Lee.

### **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 21 April 2021.

#### **RESOLVED:**

**To approve the minutes of the Audit and Governance Committee meeting held on 21 April 2021.**

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

The Chair informed Members that whilst the government's recent announcement on the outcome of the Local Government Review (LGR) signified the abolition of Selby District Council in 2023, the work for the Audit and Governance Committee would continue unaffected for the present time, to ensure that the Council continued to actively manage its control environment and risks; to enable it to be a strong and well-run Council.

## **5 START TIME OF AUDIT & GOVERNANCE COMMITTEE MEETINGS**

It was proposed and seconded that the start time of the Audit and Governance Committee meetings for the 2021-22 municipal year be 5.00 pm.

### **RESOLVED:**

**To approve the start time of the Audit and Governance Committee as 5.00 pm for the 2021-22 municipal year.**

## **6 AUDIT ACTION LOG**

The Committee reviewed the Audit Action Log.

The Democratic Services Officer explained that following the Audit and Governance meeting in April 2021, when Members requested that the matter of a "deep dive" into Industrial Units within the district be referred to Councillor Steve Shaw-Wright, as Chair of Scrutiny. As requested, the matter had been brought to the attention of Councillor Shaw-Wright and a "deep dive" of the Industrial units within the district had since been added to the Scrutiny Committee Work Programme.

### **RESOLVED:**

**To note the Audit Action Log.**

## **7 AUDIT AND GOVERNANCE WORK PROGRAMME**

The Committee considered the current Audit and Governance Work Programme.

The Chief Finance Officer informed Members that it may be necessary to convene one additional meeting of the Audit and Governance Committee to consider the procurement of the external auditors. It was explained that Public Sector Audit Appointments would query if the Council wished to opt into their arrangements, this required a decision from Full Council in December 2021, following a recommendation by the Committee. It was further explained that the next date of the Audit and Governance Committee scheduled into the committee calendar, 29 September 2021, may be too early for the report to be available, whilst the meeting following that one, 26 January 2022, would be too late for Council in December 2021.

Members heard that following the Local Government Review (LGR), the new arrangements would be for the new unitary authority, as they would not take effect until April 2023. The Chief Finance Officer confirmed that it was not yet clear how the process would work alongside the LGR, and indeed, whether a decision would be required from the current authorities.

**RESOLVED:**

**To note the Work Programme.**

**8 EXTERNAL AUDIT PROGRESS REPORT (A/21/1)**

The Chief Finance Officer presented the report which set out the progress of external audit work to date on the 2020-21 financial statements. It was explained that the external auditor had been unavailable to attend the meeting, however, if Members had any questions they would be fed back to the auditors and a response would be circulated to the Committee.

Members had no questions and resolved to note the report.

**RESOLVED:**

**To note the report.**

**9 DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) 2020-21 (A/21/2)**

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 2020-21 and would form part of the Statement of Accounts which would be brought to Committee in September 2021.

Member's attention was drawn to the accompanying Action Plan which identified significant control issues, and it was highlighted that two actions relating to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS), and performance management had been on the action plan for a period of over one year and had been given revised dates to be actioned by.

In relation to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS), Members noted that the new income management system had been delayed to allow a review of the proposed approach to taking payments over the telephone. It was confirmed that work was ongoing, and a revised date of 5 October 2021 had been given for the system to be implemented.

The Committee heard that the Performance management action had been delayed as a direct result of the response to Covid-19, as staff members had been temporarily seconded to other teams within the Council to provide assistance; a revised date of 30 September 2021 had been agreed.

In response to a query regarding what areas of weakness had been found

within the Payment Card security, it was confirmed that the new income management system would resolve any issues, and that the standards had changed, but that the new system would enable the Council to be PCI DSS compliant. Members were assured that the security that was already in place was performing well.

**RESOLVED:**

**To note the draft Annual Governance Statement.**

**10 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2020-21;  
ANNUAL COUNTER FRAUD REPORT AND ANNUAL INFORMATION  
GOVERNANCE REPORT 2020-21 (A/21/3)**

The Committee received the report, presented by the Audit Manager, Veritau, which provided a summary of the internal audit work carried out since April 2020, and the counter fraud and information governance work carried out during the year 2020-21.

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.

In response to a query regarding the validity of the applications received for grant support, it was confirmed that most of the applications received had been genuine, and the robust checking arrangements in place within the Council, supported by the work of the Veritau counter fraud team, helped to minimise and recover incorrect payments.

The Corporate Fraud Manager, Veritau presented the section of the report related to the Council's counter fraud activity in 2020-21, which highlighted that actual savings of £12k had been achieved through fraud investigation; in addition, 30k of Covid-19 grant fraud had been prevented.

The Committee heard that there had been a 16% drop in the number of suspected fraud referrals in 2020-21, compared to 2019-20, this was attributed to Covid-19 and less social interaction between members of the public, which may have resulted in less suspicions being raised.

Members acknowledged that Veritau's resources had been reprioritised to support the Council's Covid-19 response, primarily through supporting Covid grant administration.

The Committee noted that in addition to the fraud work carried out, a new counter fraud strategy had been developed on behalf of the Council, and the counter fraud policy was updated.

Members queried once investigations had taken place and fraud had been proven, were the culprits prosecuted, it was confirmed that Veritau would recommend pursuing the matter through the court system, and that Selby District Council took fraud very seriously. It was further confirmed that warnings and cautions were also issued to ensure there was a formal paper trail to be followed.

The Audit Manager, Veritau presented the section of the report related to the information governance work carried out during 2020-21, which highlighted that advice and support had been provided to officers in respect of the Information Asset register, the Information Governance Policy framework, and surveillance and law enforcement policies.

Members noted that a number of meetings had taken place to progress work on overt surveillance activities, along with a review of the current Regulation of Investigatory Powers Act (RIPA) policy; it was confirmed that once finalised all the surveillance documentation would be presented to the Audit and Governance Committee for consideration.

**RESOLVED:**

**To note the reports.**

**11 RISK MANAGEMENT ANNUAL REPORT 2020-21 (A/21/4)**

The Committee received the report from the Audit Manager, Veritau, which summarised the risk management activity during the year 2020-21, whilst also showing the proposed actions to be taken to embed sound risk management processes within the Council for the current 2021-22 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, a review of the risk management strategy was completed.

The Committee heard that further specific risk management activity was planned for 2021-22 to include a health check review of the risk management framework, an annual review of the risk management strategy, along with risk training and drop-in sessions for officers and Members.

**RESOLVED:**

**To note the report.**

Audit & Governance Committee – Minutes  
Tuesday, 27 July 2021

## **12 CORPORATE RISK REGISTER 2021-22 (A/21/5)**

The Committee received the report, presented by the Audit Manager, Veritau who explained that the report contained an update on movements within the Corporate Risk Register, which was last reported to the Committee in January 2021.

The Committee were informed that the risks had been reviewed and updated by officers in June and July 2021, there was a total of 12 risks on the Council's Corporate Risk Register for 2021-2022, and it was highlighted that four of these risks had been identified as being high risk, with a score of 12 or more, this was the same as at the time of the January 2021 update.

Members noted that the Local Government Reorganisation (LGR) had been added in this update, the risk described the existential threat that LGR posed to the Council, it also described the controls and mitigating actions that the Council had taken, or were planned, to manage the risk depending on the outcome, which had just been announced by the government.

The Committee was assured that an action plan had been developed for all risks requiring active management, and that the Corporate Risk Register continued to be closely monitored.

### **RESOLVED:**

**To note the current status of the corporate risk register.**

The meeting closed at 5.39 pm.