

## Minutes

### Audit & Governance Committee

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Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Wednesday, 29 September 2021
Time:	5.00 pm
Present:	Councillors K Arthur (Chair), N Reader (Vice-Chair), M Jordan, K Franks, J Duggan and C Richardson
Officers present:	Karen Iveson (Chief Finance Officer), Peter Williams (Head of Finance), Christopher Chapman (Accountant), Alison Hartley (Solicitor to the Council and Monitoring Officer) (to agenda item 12), Allison Heap (Customer Services Manager) (to agenda item 12), Stuart Robinson (Head of Business Development), (Mark Kirkham (Partner, Mazars LLP), Ed Martin (Audit Manager, Veritau), Daniel Clubb (Counter Fraud Manager, Veritau), Kirsty Bewick (Information Governance Manager, Veritau); and Dawn Drury (Democratic Services Officer)
Others present:	Councillor C Lunn (Lead Executive Member for Finance and Resources)

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#### **13 APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Councillor Mackay.

#### **14 DISCLOSURES OF INTEREST**

There were no disclosures of interest.

#### **15 MINUTES**

The Committee considered the minutes of the Audit and Governance Committee meeting held on 27 July 2021.

#### **RESOLVED:**

**To approve the minutes of the Audit and Governance  
Committee meeting held on 27 July 2021.**

**16 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE**

There was no Chairs address.

**The Chair indicated that he would be amending the order of business to allow agenda item number 10, Corporate Complaints and Compliments Annual Report, agenda item number 11, Corporate Policy: Regulation of Investigatory Powers Act 2000; and agenda item number 12, Corporate Policy and Guidance: Surveillance Overview Document and Overt Surveillance Policy to be considered first as agenda item numbers 5, 6 and 7; the rest of the business would follow as set out in the agenda.**

**17 CORPORATE COMPLAINTS & COMPLIMENTS ANNUAL REPORT, APRIL 2019 - MARCH 2020 & APRIL 2020 - MARCH 2021 AND LOCAL AUTHORITY OMBUDSMAN ANNUAL REVIEW LETTER 2021 (A/21/9)**

The Committee received the report, presented by the Solicitor to the Council who explained that the Corporate Complaints and Compliments Annual report was an opportunity to inform Members on individual service area improvement within the Council. It was further explained that this report was for a two-year period, with the delay in reporting the 2020 information, a direct result of the extraordinary circumstances caused by the pandemic, as all service areas focussed resource on immediate customer needs.

Members were informed that the Local Authority Ombudsman was the final stage for corporate complaints made against Local Authorities, and that during this period there had been a decrease in the number of complaints escalated to the Ombudsman; and that none of the complaints made against the Council had been upheld. In addition, the Council showed a 100% record of implementation of the recommendations made by the Ombudsman.

The Committee's attention was drawn to the table at page 220 of the agenda pack; the Solicitor to the Council explained that Licensing and Democratic Services were part of the Legal service area, which had recorded a total of three complaints, one in each service area.

Members noted that since the report had been written the Licensing complaint had been resolved as it was service request, the Democratic Services complaint had been referred to the Ombudsman and had not been upheld. In relation to the third complaint, this had been a right to buy transaction which had experienced delays, this had been dealt with through the North Yorkshire County Council Better Together Legal service.

The Committee was assured that the complaints process was operating

effectively and to a high standard.

**RESOLVED:**

**To note the Corporate Complaints Annual Report and the Local Authority Ombudsman Annual Review Letter 2021.**

**18 CORPORATE POLICY: REGULATION OF INVESTIGATORY POWERS ACT 2000, VERSION: 2021 (A/21/10)**

The Committee received the report, presented by the Solicitor to the Council who explained that the Regulation of Investigatory Powers Act (RIPA) controlled and regulated surveillance, and other means of gathering information by local authorities.

The Committee heard that the Council had a duty under RIPA 2000 to demonstrate how requests for covert directed surveillance activities were determined and recorded. Part of the role of the Audit and Governance Committee was to monitor the Council's use and authorisation of covert surveillance.

Members noted that following an inspection by the Investigatory Powers Commissioner's Office (IPCO) in February 2021, it had been commented that the Council's draft RIPA guidance and procedure could be amended to reflect up to date Codes of Practice. Accordingly, officers of the Council had worked with Veritau to develop the revised RIPA Policy which reflected the current legislation and ensured that any consideration regarding the use of covert surveillance by officers complied with the law.

The Committee heard that to reflect the rarity of use of the powers by the Council, the number of authorising officers had been restricted to five at a senior level. The process of authorisation and recording had also been revised so that it linked to the guidance and up to date Home Office forms available on the internet.

In terms of training, bespoke refresher training was currently being delivered to the five authorising officers, and some officers working in enforcement roles had recently attended RIPA refresher training.

Finally, the Solicitor to the Council informed Members that should the use of covert surveillance, on a case-to-case basis, be considered appropriate and proportional by an authorising officer of the Council, this authorisation would then be reviewed, prior to covert surveillance taking place, at the Magistrates Court to ensure compliance with the Human Rights Act.

Members acknowledged that there was a separate report included within the agenda pack relating to the use of overt surveillance.

A question was raised regarding the possibility of increasing the number of CCTVs within the district to counteract fly tipping, it was confirmed that if this was overt surveillance, which included signs being displayed next to

the cameras, additional CCTV could be installed. If a serious case of fly tipping occurred, which was being investigated, and it was considered that covert CCTV be warranted, before the use of covert CCTV could take place the case would have to go through the RIPA process and on to the Magistrates Court for final approval.

In response to a query regarding who within the Council had been trained to authorise the deployment of covert cameras, it was confirmed that the determining officers were the Director of Economic Regeneration and Place, the Director of Corporate Services, the Head of Operational Services, and the Head of Planning; with the Chief Executive dealing with cases which involved confidential information. It was further explained that the Enforcement team had been trained to complete the application form to seek authorisation to deploy covert cameras.

One Member stated that at the last meeting of Council the Lead Member for Health and Culture had mentioned covert cameras in relation to fly tipping and queried if the RIPA procedure would have to be followed, it was confirmed that if the cameras to be used were covert in nature, then yes, this process would have to be followed. It was further confirmed that fly tipping was considered a serious enough offence to warrant covert CCTV but only on a case-by-case basis.

The Solicitor to the Council clarified for Members that if cameras were overt in nature, then clear signage would be visible to ensure that people were fully aware that they were being filmed. If the cameras were covert this was in effect a secret camera, with no signage.

The Committee noted that if the Council were to prosecute a case of fly tipping on evidence that had been collected using a covert camera, if that camera had not been authorised the evidence could be deemed not admissible. All evidence must be collected appropriately and according to the law.

Members acknowledged that there were no financial implications in approving the RIPA policy, however failure to comply with RIPA would put the Council at risk of legal challenge for breach of legislation, which could result in a fine.

**RESOLVED:**

**To note the revised draft Regulation of Investigatory Powers Act (RIPA) Policy.**

**19 CORPORATE POLICY & GUIDANCE: SURVEILLANCE OVERVIEW DOCUMENT AND THE OVERT SURVEILLANCE POLICY: VERSION: 2021 (A/21/11)**

The Committee received the report, presented by the Solicitor to the Council who explained that whilst outside the Regulation of Investigatory Powers Act 2000 (RIPA) legislation, any overt surveillance undertaken by the Council must be monitored in terms of its authorisation and use.

Members noted that the Overt Surveillance Policy 2021 policy and guidance provided oversight as to how overt surveillance was managed at the Council in compliance with the Surveillance Camera Commissioner's Codes of Practice and the General Data Protection Regulation (GDPR).

The Committee heard that the Information Governance policies had also been refreshed, and that all policies had been drafted in association with Veritau, who acted as the Council's Data Protection Officer.

One Member advised that some local authorities had CCTV deployed in their town centres which not only recorded but was used to speak to the public on the street, it was queried whether Selby district had any of these types of cameras in operation. The Data Protection Officer Veritau confirmed that Selby district, to date, did not have any of these cameras, however work was being progressed at present to assess the capability and risks involved in installing this type of CCTV.

**RESOLVED:**

**To note the Overt Surveillance Policy 2021 and guidance.**

**20 AUDIT ACTION LOG**

The Committee reviewed the Audit Action Log. It was noted that the action requested in relation to a "deep-dive" of the Industrial Units owned by the Council had been referred to the Chairman of the Scrutiny Committee who had asked that the matter be added to the Scrutiny Work Programme, therefore the action was noted as complete.

**RESOLVED:**

**To note the Audit Action Log.**

**21 AUDIT AND GOVERNANCE WORK PROGRAMME**

The Committee considered the current Audit and Governance Work Programme.

The Committee were reminded that at the last meeting of the Audit and Governance Committee Members had been informed that it may be necessary to convene one additional meeting to consider the procurement of the external auditors. It was confirmed that this item would now come to the Audit and Governance Committee scheduled into the committee calendar on 26 January 2022.

**RESOLVED:**

**To note the Work Programme.**

## **22 EXTERNAL AUDIT COMPLETION REPORT 2020-21 (A/21/6)**

The Partner, Mazars LLP presented the report and explained that it set out a summary of the external audit progress for 2020-21.

The Committee heard that work was yet to be completed in respect of the Council's value for money arrangements and that this would be reported to Members in the Auditors Annual Report in December 2021.

Members noted that in relation to the significant risks identified in terms of the valuation of property, plant and equipment (PPE), the net defined benefit liability valuation, and the management override of controls, additional procedures had been carried out; it was confirmed that this was not unusual and had happened at other local authorities.

The Partner, Mazars LLP highlighted that there were two outstanding areas of audit work; Information Technology (IT), and Pensions, however it was anticipated that a response would be received shortly with regards to the IT testing. In terms of pensions, to date the assurance that had been requested from the pension fund auditor had not been received.

In response to a question regarding how 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.

### **RESOLVED:**

**To note the report.**

## **23 INTERNAL AUDIT, COUNTER FRAUD AND INFORMATION GOVERNANCE PROGRESS REPORT (A/21/7)**

The Audit Manager, Veritau presented the quarterly report which provided the Committee with an update on the delivery of the internal audit work plan for 2021-22, along with an update on the counter fraud and information governance work undertaken to date in 2021-22. It was noted that due to Covid-19, there had been a higher level of outstanding audit work to be completed for the year 2020-21 than would normally be expected, however much of this work had taken place since the last report to Members in July 2021.

Member's attention was drawn to page 60 of the agenda pack which detailed the new approach of flexible audit plans that had been implemented for the current priorities in the internal audit work, which ensured the audit service was responsive to potential emerging risks.

A number of questions were asked regarding the impact of Covid-19, and the Local Government Review (LGR) on the internal audit work. Members were assured that when the pandemic first started normal work was suspended, however over the course of the year the audit work had been brought back on schedule with the current work plan.

In terms of LGR it was confirmed that the auditors core responsibility was to Selby District Council, and as such the auditors would continue to follow the audit work plan to offer reassurance and identify mitigating actions where and when required. The Audit Manager further confirmed that Veritau had not contributed to the LGR consultation and there was no conflict of interest as part of the audit services that Veritau provided for other local authorities.

The Counter Fraud Manager, Veritau presented the section of the report related to the Council's counter fraud activity 2021-22, which highlighted that actual savings of £2.5k had been achieved through fraud investigation; in addition, 8k of Covid-19 grant fraud had been prevented to date.

The Committee heard that a range of work to include activity to promote the awareness of fraud to Council officers and members of the public, data matching as part of the National Fraud Initiative 2020-21 and requests for information from external agencies was ongoing.

Members were informed that there had been a drop in the number of suspected fraud referrals to date in 2021-22, compared to 2020-21, this was attributed to Covid-19 and less social interaction between members of the public, which may have resulted in less suspicions being raised.

The Committee 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, however there had been no cases considered for court, to date, this year.

Members were informed that other sanctions such as warnings and cautions could also be considered; it was noted that one investigation had resulted in a warning being issued in relation to a Single Person Discount award.

The Information Governance Manager, Veritau drew the Committee's attention to annex 3 of the report which provided an update on Information Governance matters, to include the General Data Protection Regulation (GDPR) action plan along with the Information Asset Register, Privacy Notices, Data Protection Impact Assessments, and project specific advice.

Members heard that the Information Commissioners Office (ICO) had published additional guidance in relation to privacy notices, therefore the Councils privacy notices had been reviewed and updated. The GDPR action plan had been updated, and the Information Policies had been approved by the Leadership Team and published onto the Council website.

In terms of Information Security incidents involving personal data, Members were informed that two such incidents had been reported to the

ICO but neither had resulted in further actions for the Council.

The Committee were informed that in relation to Data Protection Impact Assessments (DPIA), Veritau was supporting the Council in completing a number of DPIAs as well as providing advice on whether a DPIA was required for other projects, to include CCTV for Selby town centre.

In response to a query regarding the main reception in the Civic Centre and a perceived issue around data protection which had the potential to arise, as that area was shared by both Police and Council personnel. It was confirmed that the Solicitor and Data Protection Officers for both organisations had been consulted and the decision was to ensure that the correct signage and privacy notices were in place at reception. It was further confirmed that appropriate action had been taken to mitigate any risk to the Council.

**RESOLVED:**

**To note progress on the delivery of internal audit, counter fraud and information governance work.**

**24 STATEMENT OF ACCOUNTS 2020-21 (A/21/8)**

The Committee received the Statement of Accounts, presented by the Chief Finance Officer. It was explained that the audit was still to be concluded as there were two matters outstanding, as Members had heard featured in the External Auditors Completion Report. It was further explained that some minor amendments and a change to the recommendation had been made to the report within the agenda pack.

The Chief Finance Officer highlighted that in view of the outstanding Pension Fund and Information Technology responses the audit was not complete and requested that Members delegate authority to her to make any minor amendments which may arise in the accounts in consultation with the Chair of the Committee; and authority to sign the letter of representation contained within the agenda pack on completion of the audit.

The Committee's attention was drawn to appendix B which set out key movements between the financial years of 2019-20 and 2020-21 and identified key changes.

The accountant briefly explained the minor amendments within the report, but assured Members that the changes did not impact on any of the figures within the accounts.

In response to a query regarding what data required verification in relation to property, plant and equipment, the Partner, Mazars explained that assurance was requested when working with property valuations as to whether the assertions featured were fairly stated, and sight of the underlying evidence was required.



In relation to investment interest, the Chair queried why the Council only showed the income generated as 1% of the overall total income, and further queried what sort of investments the Council held, and whether the investments could be diversified. It was explained that the bank interest rate was at a record low, and that the investment strategy employed by the Council was approved by Members at Full Council each year. It was further explained that North Yorkshire County Council invested money on Selby Council's behalf, the majority being with banking organisations which were low risk; there were no future plans in place to diversify.

The Chair queried if sundry debt arrears were recovered and what process was in place if the monies could not be recovered. The Chief Finance Officer explained that all debtors were pursued to the full effect, however this year had been challenging due to the pandemic, although officers continued to progress. Once all avenues had been exhausted to recover the debt then a "write off" would be considered, but only as a last resort.

In response to a query regarding why the spend to save reserve had led to a substantial balance at the end of March 2021, it was confirmed that this was a relatively small reserve which had been in the earmarked reserves for a number of years; the monies had come from transformational type savings and been carried forward year on year. The Chief Finance Officer stated that she was not aware of the specific origins, however examples could be circulated to the Committee.

The Chair queried if the reduction in the Members allowance and expenses was due to the pandemic, and if so, would the amounts revert back to the figures in 2019-20, the Chief Finance Officer advised Members that an increase in expenses was to be expected as physical committee meetings resumed, and stated that an analysis of the allowance and expenses figures could be provided for their information.

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

**RESOLVED:**

- i. To approve the Statement of Accounts 2020-2021, subject to the completion of the audit.**
- ii. To delegate authority to the Chief Finance Officer to make minor amendments to the accounts in consultation with the Chair of the Committee.**
- iii. To authorise the Chief Finance Officer to sign the letter of representation as set out in draft in the External Auditors report at item 7 of the agenda.**

**25 PRIVATE SESSION**

It was proposed, and seconded, that the Committee sit in private session due to the nature of the business to be transacted.

**RESOLVED:**

**That, in accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted the meeting be not open to the press and public during discussion of the following items as there will be disclosure of exempt information as described in paragraph 3 of Schedule 12(A) of the Act.**

**26 CONSIDERATION OF INTERNAL AUDIT REPORTS (A/21/12)**

The Audit Manager from the Council's internal auditors Veritau presented the report, which advised that an audit had been completed on 20 September 2021 and the overall opinion was that the controls within the system only provided "Limited Assurance". As such, the findings had been brought to the Committee for presentation and discussion.

Members 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.

**RESOLVED:**

**To note the report.**

The meeting closed at 6.22 pm.