



Councillor Karl Arthur – Chair of Audit and Governance Committee- Update to Council on 27 September 2022

The Committee has met twice since the last update provided to the Council on 19 April 2022. The meetings took place on Wednesday 27 April and Wednesday 27 July 2022.

Audit and Governance Committee Meeting – 27 April 2022

This meeting had a slightly shorter agenda than usual. Amongst the items covered the committee considered the External Audit Strategy Memorandum presented by the Authority's external auditor Mazars who outlined the audit plan for the year ending 31 March 2022.

The Committee heard that an enhanced risk had been identified in relation to the Council National Non-Domestic Rates (NNDR) appeals provision, however the report set out the work Mazars planned to undertake to address the risk. Members noted this report.

The Committee also received the quarterly Internal Audit, Counter Fraud and Information Governance Progress Report from internal auditor Veritau who provided members with an update on the delivery of the internal audit work plan for 2021-22. It was confirmed that there were no areas of concern.

Turning to Counter Fraud members were informed that the government had introduced a new Omicron Hospitality and Leisure Grant between January and March 2022 and extended the Additional Restrictions Grant scheme. Criminals had been quick to target the schemes. It was noted that Veritau had shared intelligence updates from their work with other local authorities and national contacts to alert officers to potential identities and bank accounts, which had been used to commit fraud.

A number of questions were asked in relation to the £150 council tax rebate payments announced by the Department for Levelling Up, Housing and Communities, that had been made to most households within council tax bands A to D. It was explained that Veritau had supported officers to prevent and detect potential fraud linked to those payments. The Committee noted that as part of the Councils Annual Billing process for Council Tax, a message to residents had been included to raise fraud awareness. In respect of the information asset register, Members noted that an updated version had been presented to the Corporate Information Governance Group (CIGG) in March 2022 and that the register was now complete and reflected the United Kingdom General Data Protection Regulation (GDPR) compliance requirements.

It was noted that the CIGG had agreed to undertake a review of the information asset register in consultation with the other North Yorkshire Councils to consider alignment and consisting of information across the councils ahead of Local Government Re-organisation

Members resolved to note the progress on the delivery of internal audit, counter fraud and information governance work.

Veritau also presented the Internal Audit, Counter Fraud and Information Governance work programmes for 2022-23. It was explained that the proposed Work Programme had been drafted with senior officers of the Council and summarised the overall areas where audit work was expected to be undertaken.

It was highlighted that the final year of the Local Government Re-organisation (LGR) preparation would have a significant impact on the Councils risk areas, and therefore would be the focus of the internal audit work for the year. The Committee noted that a total of 80 days had been agreed for the information governance plan 2022-23 work. In response to queries raised by members the audit manager confirmed that although Veritau provided support to the LGR workstreams, the main priority and focus for the year 2022-23 would be to continue to support Selby District Council and members also queried how suspected fraud was reported to Veritau. It was confirmed that fraud was reported by a number of different sources. This ranged from Council Officers, members of the public, through to the National Fraud Initiative.

Following the discussion members agreed to approve the Internal Audit Work Programme for 2022-23 and to note the Counter Fraud and Information Governance Work Programme for 2022-23.

The committee received the Audit and Governance Committee Annual Report for 2021-22 and agreed to delegate authority to the Democratic Services Officer, in consultation with the chair, to update the final version of the annual report 2021-22 following the inclusion of details from the current meeting and approve the Annual Report for 2021-22.

Finally, the Committee considered and agreed the Audit and Governance Committee work programme for 2022-23.

Audit and Governance Committee Meeting – 27 July 2022

There were ten agenda items for this meeting. Amongst the items covered members considered the External Audit Progress Report which summarised the external audit work completed to date on the 2021-22 financial statements along with the progress made on the 2022-23 audit planning work. Members resolved to note this report.

The Committee also received the draft Annual Governance Statement, which was presented by the Chief Finance Officer, who explained that the report provided an assessment of the Councils Governance environment for 2021-22 and would be part of the Statement of Accounts which would be brought to the committee in October 2022.

A number of questions were asked in relation to Performance and Development Reviews (PDR's) in terms of the percentage of PDR's which had not been completed, the individual staff numbers involved, how this compared over previous years, and whether PDR's had not taken place within certain teams for a particular reason, The Chief Finance Officer was unable to provide an answer to the queries but stated that she would speak with the officers concerned and circulate the information to the committee. Members expressed concerns about PDRs not being undertaken in a

timely manner, as it was felt that PDRs were an important factor not only in the retention, morale, and professional development of staff, but also a mitigation action against the risk of non-delivery of the Councils priorities. Members were assured that performance was monitored in other ways, and that both the Leader of the Council and the Chief Executive were aware and keeping a close watch on the situation and resolved to note the draft Annual Governance Statement.

Members received the Annual Report of the Head of Internal Audit for 2021-22 which provided a summary of the internal audit work undertaken in 2021-22, along with an opinion on the overall adequacy and effectiveness of the Councils framework of governance, risk management and internal control. The report also set out the counter fraud and information governance work carried out during the year 2021-22. The Audit Manager, Veritau advised that based on the results of the quality assurance process the Head of Internal Audit had concluded that the internal audit service provided by Veritau generally conformed to the Public Sector Internal Audit Standards (PSIAS). Members also noted that at the beginning of 2021-22 that the Council had been recovering from the impact of the Covid-19 pandemic on its working practices and that since then significant and increase resources had been redirected to the preparations for Local Government Reorganisation (LGR). Members resolved to note the report.

Members received the Risk Management Annual Report 2021-22 which summarised the risk management activity during the municipal year 2021-22, whilst also showing the proposed actions to be taken to embed sound risk management processes within the Council for the current 2022-23 municipal year and resolved to note the report.

The Committee received the Corporate Risk Register for 2022-23 which the Audit Manager, Veritau explained contained a twice-yearly update on movements within the register and was last reported in January 2022. Members were informed that there were a total of 12 risks on the Councils Corporate Risk Register, with no new risks being added. Members noted that the risks "Failure to deliver Corporate Priorities" and "Organisational Capacity" had both increased and it was explained this was due to the significant capacity challenges being faced by the Council, with key staff leaving and difficulties experienced when recruiting largely as a result of LGR. Finally, the risk "Economic Environment" had also increased its score which was a reflection of the recent steep inflationary increases that it was felt threatened consumer confidence and of the continued challenges in the labour supply. Members resolved to note the status of the Corporate Risk Register and also asked for officers to circulate the two strategies which underpinned the risks "Failure to deliver Corporate Priorities" and "Organisational Capacity" to committee members.

Finally, with the Statement of Accounts unlikely to be ready in time for the next proposed meeting due to take place on 28th September 2022 it was agreed by members that an extra meeting be held on Wednesday 26th October 2022 to discuss the Statement of Accounts. Members were also of the opinion that the meetings should be combined and asked the Democratic Services Officer to explore the possibility of combining the two meetings into just one date this being Wednesday 26th October 2022.

Next Meeting of the Committee

The next meeting of the Audit and Governance Committee will be taking place on Wednesday 26 October 2022 commencing at 5.00pm.

I commend my statement to the Council.

Councillor Karl Arthur Chair, Audit and Governance Committee