

Minutes

Audit & Governance Committee

Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Wednesday, 27 July 2022
Time:	5.00 pm
Present:	Councillors K Arthur (Chair), G Ashton (Vice-Chair), K Franks and J Duggan
Officers present:	Karen Iveson (Chief Finance Officer), Abi Medic (Audit Manager, Mazars LLP), Ed Martin (Audit Manager, Veritau), Daniel Clubb (Corporate Fraud Manager, Veritau); and Dawn Drury (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors J Mackman and N Reader.

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 27 April 2022.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 27 April 2022.

4 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

The Chairman advised the Committee, that with his agreement, one further meeting of the Audit and Governance Committee had been added to the Committee Calendar on Wednesday 26 October 2022, and asked

that Members amend their diaries accordingly.

It was noted that further information would be provided regarding the additional Committee date as part of the next agenda item.

5 AUDIT AND GOVERNANCE WORK PROGRAMME 2022-23

Members were informed that the Statement of Accounts 2021-22 that were listed on the Audit and Governance work programme to be presented at Committee on the 28 September 2022 would not be available for that date. Therefore, it was noted that one additional meeting of the Committee had been added to the Committee Calendar on Wednesday 26 October 2022.

Members were of the opinion that the two meetings should be combined, and the Democratic Services Officer was requested to contact officers to ensure that any deadlines would not be missed by moving the meeting back one month.

RESOLVED:

- i. To note the Work Programme.**
- ii. To ask the Democratic Services Officer to explore the possibility of combining the September and October 2022 Audit and Governance Committee meetings to just one date on the 26 October 2022.**

6 EXTERNAL AUDIT PROGRESS REPORT (A/22/1)

The Manager, Mazars LLP presented the report which set out a summary of external audit work completed to date on the 2020-21 financial statements along with the progress made on the 2021-22 audit planning work.

The Committee were informed that in terms of the Audit Certificate for 2020-21, the external auditor had been awaiting guidance from the National Audit Office (NAO) regarding the testing required to be undertaken on the Council's Whole of Government Accounts (WGA) return. It was noted that the guidance had now been received and work had begun to complete the required testing; following completion the Audit Certificate for 2020-21 would be issued, and the 2020-21 audit would be formally closed.

Members heard that work in respect of the Housing Benefit Subsidy return 2020-21 was complete, and the return had been submitted to the Department for Work and Pensions (DWP) on 19 May 2022.

In terms of the financial statements audit for 2021-22, Members were informed that planning work was scheduled to commence in mid-August and the findings would be presented at the next meeting of the Audit and Governance Committee.

RESOLVED:

To note the report.

7 DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) 2021-22 (A/22/2)

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

Member's attention was drawn to the accompanying Action Plan which identified significant control issues, and it was highlighted that some progress had been made in the action relating to performance management, which had been on the action plan for a significant period.

A number of questions were asked in relation to Performance & Development Review's (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 with PDR's not being undertaken in a timely manner, as it was felt that PDR's were an important factor not only in the retention, morale, and professional development of staff, but also a mitigating action against the risk of non-delivery of the Council's 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.

RESOLVED:

To note the draft Annual Governance Statement.

8 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2021-22 (A/22/3)

The Committee received the report, presented by the Audit Manager, Veritau, 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 Council's 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 confirmed that the overall opinion of the Head
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of Internal Audit on the governance, risk management and control framework operated by the Council was that it provided Reasonable Assurance.

Members noted that at the beginning of 2021-22, the Council had been recovering from the impact of the Covid-19 pandemic on its working practices and, since then significant and increasing resource had been redirected to the preparations for Local Government Reorganisation (LGR).

The Committee heard that the report included the outcome of Veritau's internal audit Quality Assurance and Improvement Programme, 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). It was noted that between autumn 2020 and autumn 2021, Veritau had undertaken a fundamental review of internal audit practices which had resulted in the development of a new three-year strategy that detailed how the internal audit service would be improved.

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 PSIAS.

The Corporate Fraud Manager, Veritau presented the section of the report related to the Council's counter fraud activity in 2021-22, which highlighted that actual savings of £16k had been achieved through fraud investigation; in addition, warnings were issued to two individuals for failing to provide information in relation to the Single Person Discount, and investigation work had assisted in the recovery of a council owned property.

The Committee heard that there had been a change in the type of fraud investigations carried out by the counter fraud team in 2021-22, with the highest proportion of cases, at 43%, in relation to suspicions of Council Tax related fraud; while Covid-19 grant fraud had reduced in number to 29% of cases.

The Committee noted that in addition to the fraud work carried out, 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.

Members acknowledged that the threat of cybercrime had increased in 2021-22 as Councils and other organisations were targeted by increasingly sophisticated frauds. It was noted that to help combat this trend following an increase in mandate fraud noted both regionally and nationally, the counter fraud team had worked with officers to review and update processes within the Council to prevent fraudsters re-directing payments.

The Audit Manager, Veritau presented the section of the report related to the information governance work carried out during 2021-22, which highlighted the progress made with the reviews of the Council's Information Asset Register and Privacy Notices, completion of work to enable compliance with surveillance regulation and ongoing work to support the Council with information requests and information incidents.

RESOLVED:

To note the reports.

9 RISK MANAGEMENT ANNUAL REPORT 2021-22 (A/22/4)

The Committee received the report from the Audit Manager, Veritau, which summarised the risk management activity during the 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.

The Committee heard that the ambition for 2022-23 was to ensure that Selby District Council was represented at the LGR Strategic Risk Management Group to make sure that the Council was well positioned to influence and shape the risk management arrangements for the new authority. Members acknowledged that, against this backdrop of change, further development activity planned for the Council's own risk management arrangements would no longer take place.

The Audit Manager, Veritau advised Members that during the final year of operation for the Council the risk management activity would comprise of regular reporting of the corporate risk register to Extended Leadership Team and to the Audit and Governance Committee, a continuation of risk drop-in and training sessions for officers and members; and ongoing support for the review and maintenance of service-based risk registers.

RESOLVED:

To note the report.

10 CORPORATE RISK REGISTER 2022-23 (A/22/5)

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 2022.

The Committee was informed that there was a total of 12 risks on the Council's Corporate Risk Register for 2022-2023, with no new risks being added. It was highlighted that the Corporate Risk Register included four risks with a score of 12 or more (high risk), this was the same as reported in January however, three of the four risks had increased scores.

Members noted that the risks "failure to deliver corporate priorities" and "organisational capacity" had both increased from a score of 12 to 16, 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.

Finally, the risk 'economic environment' had also increased from a score of 6 to 9, it was confirmed that this was a reflection of steep inflationary increases that threatened consumer confidence and of the continued challenges in the labour supply.

A Councillor again raised concerns and asked a number of questions in relation to the risks "failure to deliver corporate priorities" and "organisational capacity", as it was stated within the report that the mitigating action was that clear priorities must be cascaded via staff PDR's and one to one's. It was highlighted by the Councillor that, as had been discussed at agenda item 7, there was a lack of prioritisation and completion of PDR's by officers.

Officers were requested to circulate the strategies which underpinned the risks "failure to deliver corporate priorities" and "organisational capacity", to show what stringent action was being taken to mitigate the two risks.

The Chief Finance Officer explained that the Council had a Council Plan 2020-30 which was available to read on the Council website, along with a Corporate Communications Plan which was circulated both internally and externally.

RESOLVED:

- i. To note the status of the Corporate Risk Register.**
- ii. To ask officers to circulate the two strategies which underpinned the risks "failure to deliver corporate priorities" and "organisational capacity" to Councillors.**

The meeting closed at 5.50 pm.