



Councillor Karl Arthur – Chair of Audit and Governance Committee

Update to Council on 13 December 2022

The Committee has met once since the last update provided to the Council on 27 September 2022. The meeting took place on Wednesday 26 October 2022.

Audit and Governance Committee Meeting – 26 October 2022

This meeting had a busy agenda. Amongst the items considered were the applications for use of the Regulation of Investigatory Power Act 2000 (RIPA 2000) which was presented to the Committee by the Solicitor to the Council who explained that the Council had a duty under RIPA 2000 to demonstrate how requests for covert directed surveillance activities were determined and recorded. Members noted that there had been no applications for authorisations of the use of covert surveillance, pursuant to the RIPA Act 2000, between 1st October 2021 and 1st October 2022. Members noted the report.

The Solicitor to the Council also presented the Corporate Complaints and Compliments Annual Report April 2021 – March 2022 and the Local Authority Ombudsman Annual Review Letter 2022 and explained that this report was an opportunity to inform Members on individual service area improvements within the Authority. The Committee heard that for the year 2021-22 there had been an increase in the number of complaints escalated to the Ombudsman, however of those twelve complaints only two had been investigated, and neither complaint made against the Authority had been upheld. Therefore, members noted that the Local Government Ombudsman (LGO) had reported a nil return for complaints upheld for Selby District Council in 2021-22. Members queried why a large number of complaints received were attributed to the Planning Service Area. The Solicitor explained that this was not unusual for a local authority and that the LGO provided training courses specifically for this service area and that going forward it would be recommended to North Yorkshire Council that planning officers attend any relevant LGO training available. Members noted the report.

The Partner from Mazars presented the External Audit Completion Report 2021-22 and explained that it set out a summary of external audit conclusions. The Committee heard that the external audit was still ongoing, however it was anticipated that an unqualified opinion, without modification, would be given on the financial statements and that work was yet to be completed in respect of the Council's value for money arrangements. This would be reported to Members in the Annual Report due to come to the Committee in January 2023. Members noted that the Covid payments and Housing Revenue Account audits were now complete. However, the work in relation to the year-end value for Selby Business Centre, Capital Commitments, Earmarked Reserves and Long Term Investment Balances remained ongoing. To date the

Assurance Letter that had been requested from the North Yorkshire Pension Fund Auditor had not been received. Members noted this report.

Following on from the External Audit Completion Report, the Chief Finance Officer for the Council presented the Statement of Accounts for 2021-22, which enabled Members to undertake a detailed examination of the Councils financial accounts for the financial year. It was explained that the Audit was still to be concluded, as there were two significant matters outstanding, as Members had already heard from the External Audit Completion Report. Members heard that the two outstanding areas related to the current valuation of Selby Business Centre and Council Disclosures around Capital Commitments under Contract. The assurance letter from the North Yorkshire Pension Fund Auditors also remained outstanding, however it had been indicated that this would be received in November 2022.

A number of queries were raised by members in relation to the accuracy of the figures contained within the report under officer remunerations and movements in the number of senior officer posts between the 2020-21 and 2021-22 financial years and the total value for member allowances in the 2021-22 financial year mentioned in the disclosure notes. Further details as to the usage of in year transfer out of £8,507K from the Special Projects Unallocated Reserve were also requested. The accountant explained that he would review the figures and circulate a detailed response to the Committee who were assured that any material changes within the accounts would be reported back to the Committee as a whole. The Committee approved the Statement of Accounts subject to completion and authorised the Chief Finance Officer to sign the Letter of Representation as set out in the draft External Auditors Report.

The Committee also considered the Internal Audit, Counter Fraud and Information Governance Progress Report for 2022-23. Amongst items discussed in the progress report members were informed that the key focus of counter fraud work was in preparation for Local Government Reorganisation (LGR) in North Yorkshire, to ensure that strong counter fraud policies and procedures were in place for inception day of the new authority. It was highlighted that an e-learning package for employees had been produced at all the Councils involved in LGR which raised awareness of risk and focused on threats that may be experienced before and after the new Council was formed. The Committee also acknowledged that the Council had completed a review on Information Governance policies, and all were now published on the Councils website. The Committee queried what the cost to the Authority in terms of counter fraud hours to recover monies, which had been identified as lost through fraud investigation. It was confirmed that there were a number of facts which made it difficult to quantify the cost. However, overall, the figures were similar across all local authorities. As at the meeting in July, Members raised concerns regarding the completion rates for officer Personal Development Reviews (PDRs), and it was requested that the Committee be provided with the current PDR completion figures. Members agreed to note the report. It was also resolved that Members be provided with a breakdown of percentage figures showing the amount of monies recovered against the cost of Counter Fraud work required to investigate and make the recovery and that officers circulate the current PDR completion rates to Members.

Finally, the Committee considered two internal audit reports which had been completed on 13th October 2022 which had only provided "Limited Assurance." Members noted that actions had been agreed which were appropriate to address the risks identified and proportionate in view of LGR.

Update on the queries raised by Members at the Committee Meeting

Statement of Accounts for 2021-22

Earmarked Reserves – Special Projects Unallocated Reserve

Members queried the in-year Transfer out of £8,507k from the Special Projects Unallocated Reserve. The transfer out is made up of the following 3 elements:

- £8,000k To Programme for Growth Reserve
- £500k to Contingency Reserve
- £7k to Business Rates Equalisation Reserve

This was in line with the Council's Medium Term Financial Strategy, approved by Full Council on 22/07/2021:

Members Allowances

Members queried the total 2021/22 value in the disclosure note, correctly identifying that the total did not match the constituent parts detailed within the note.

This had arisen due to a rounding issue in the Statement of Accounts working paper and has since been corrected.

Officers' Remuneration – Movement between years

Members queried the remuneration movements in a number of senior officer posts between the 2020/21 & 2021/22 financial years and requested further explanation as to the cause of these movements.

Further investigation of this note has identified that, whilst the values presented in the note are correct, there had been a misalignment between the figures and senior officer posts in the 2020/21 table presented in the accounts. This has now been corrected.

Internal Audit, Counter Fraud and Information Governance Progress Report for 2022-23

Personal Development Reviews (PDR's) figures

In relation to the completion rate for Personal Development Reviews (PDR's), the figure as of 30 November stood at 80%.

Breakdown of the counter fraud officer salary costs needed to investigate and recover the actual savings in 2021-22

2021/22 savings reported to the Committee in October was £8k. As no covid-19 grant related savings had been recorded in the year to date, the report did not make reference to the further £8,097 saved in 2021/22, bringing the true total to £16,854.

	Day rate	Investigation days	Investigation costs	Savings
2021/22	£266	55	£14,630	£16,854
2022/23	£277	60	£16,620	£16,619*

*2022/23 savings as at 31/10/2022

As explained at the last committee meeting, this work had a range of impacts which did not directly result in savings and the deterrent value of the work undertaken across the team's activities could not be quantified.

Meetings attended Outside the Committee Meeting – Meeting with North Yorkshire County Council Audit Committee 3rd November 2022

As explained in the Chairs Address at the Audit and Governance Committee Meeting on 26th October 2022, the Chief Finance Officer and I attended an online meeting with the North Yorkshire County Council Audit Committee at which the financial position of Selby District Council was explained to the NYCC Committee to give some indication as to the current state of affairs and to help provide a smooth transfer of work to the NYCC committee going forward.

Next Meeting of the Committee

The next and final meeting of the Audit and Governance Committee will be taking place on Wednesday 25 January 2023 commencing at 5.00pm.

I commend my statement to the Council.

Councillor Karl Arthur
Chair, Audit and Governance Committee