



## **Councillor Karl Arthur – Chair of Audit and Governance Committee**

### **Update to Council on 21 March 2023**

The Committee has met once since the last update provided to the Council on 13 December 2022. The meeting took place on Wednesday 25 January 2023.

Amongst items discussed in another very busy agenda Members received the External Audit Annual Review from the Manager at Mazars which summarised the external audit work undertaken for the year ended 31<sup>st</sup> March 2022. The Committee heard that the external auditor had issued an unqualified opinion on the financial statements of the Council on 30<sup>th</sup> November 2022, and in respect of the Councils Value for Money arrangements this work had now been completed and Members were pleased to note that no significant weaknesses had been identified. Members also praised the finance team for their hard work on this review. The Chief Finance Officer confirmed that Mazars had been appointed as the external auditors for the new North Yorkshire Council, which was seen as a positive step forward as there would already be an existing working relationship in place. Members then resolved to note the report.

The Audit Manager Veritau presented the Internal Audit Report which provided the Committee with an update on the delivery of the internal audit work plan for 2022-23, along with an update on counter fraud and information governance work undertaken to date in 2022-23. In terms of the high priority action Performance Management, the Committee were informed that since the prioritisation of Personal Development Reviews (PDR's) communication had been issued to all managers and staff, and completion rates had been monitored closely by the Leadership Team with the result that, as at the 9<sup>th</sup> January 2023, the completion rates for PDRs had risen to 92%. Members acknowledged the improvement made in the completion rate for PDR's and also queried the completion rate for the Information Governance (IG) training, in response the Chief Finance Officer confirmed that the completion rate for IG training stood at 92%. After the discussion Members resolved to note the progress made on the delivery of internal audit, counter fraud and information governance work.

The Audit Manager Veritau presented the Audit Risk Register for 2022-23. The Committee was informed that there was a total of 12 risks on the Councils Corporate Risk Register for 2022-23 with no new risks being added. Amongst the risks highlighted it was confirmed that the 'Economic Environment' risk had increased due to high inflation and energy costs as well as continued challenges accessing labour supply, all of which threatened investor and consumer confidence. Members also heard that the 'Local Government Re-organisation' (LGR) risk remained the most significant risk faced to the Council and that this was due to the work required to be undertaken by the council as part of the transition and that uncertainty associated with LGR continued to create significant capacity challenges. Discussions took place regarding inflationary pressure, wage growth, fluctuations in interest rates, the cost-of-living crisis and the Councils investment income. Members also queried what

percentage of staff had completed the mandatory health and safety training and whether leaving the European Union would present a risk to Selby. Following these discussions members were assured by answers received and it was then agreed to note the status of the Corporate Risk Register.

The Committee then received the Review of Annual Governance Statement Action Plan for 2021-22 from the Chief Finance Officer which asked Members to note progress on the statement Action Plan which was approved by the Committee at its October 2022 meeting. The main item of review was relating to Performance Management and, as the Committee had heard earlier on in the meeting, the fact that significant progress against the approved action plan had been made, with PDR completion rates now at 92% with actions in place to encourage the remaining outstanding PDRs to be completed. It was confirmed that the 100% completion rate had not yet been attained because some staff members were on maternity leave or long-term sick leave with one or two other staff members not having received theirs due to capacity shortages within teams. After discussion Members then resolved to note the progress against the Action Plan for the Annual Governance Statement for 2021-22.

Finally, Members received an Internal Audit Report from Veritau in relation to the Housing Repairs and Maintenance Department which had explained that the control within the system 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. Members were assured that these actions were sufficient to overcome any problems within the departments control systems and noted the report.

### **Next Meeting of the Committee**

The next and final meeting of the Audit and Governance Committee will be taking place on Wednesday 29 March 2023 commencing at 4:00PM.

I commend my statement to the Council.

**Councillor Karl Arthur, Chair, Audit and Governance Committee**