



Audit and Governance Committee

Annual Report 2017/18

Introduction from the Chair – Councillor Mike Jordan

I am pleased to present the Audit and Governance Committee Annual Report 2017/18.

The overall responsibility of the Committee is to scrutinise and monitor the Council's control systems, procedures and risk management systems. As Chair of the Committee I provided a report to each Council meeting highlighting the Committee's work.

The membership of the Committee was amended slightly at Annual Council, with Councillor Brian Marshall replacing Councillor Robert Packham. The Committee was fortunate to again have excellent officer support to help guide it through complex reports. In addition, the Committee continued to attend briefings prior to meetings, which were focussed on the context behind the business being considered at the subsequent meeting. This helped to further ensure that Committee members were able to fully undertake their scrutiny duties. I was also able to attend a number of county-wide briefings and forums which assisted me in my role.

The Committee met five times during the municipal year and considered a range of different issues. The Committee's Work Programme ensured a strong focus on the priorities of the Council and the concerns of local people, this included regular reviews of audit reports and risk management systems.

In September, the Committee was asked to appoint three members to sit on the Standards Sub-Committee, in accordance with the Council's revised Standards arrangements. I would like to extend my thanks to Councillors Brian Marshall, Ian Reynolds and Bryn Sage for agreeing to sit on the Sub-Committee.

To assist in Standards investigations, the Council appointed three Independent Persons who must be consulted before a decision is made in relation to a Standards investigation. I would like to take this opportunity to thank Philip Eastaugh, Hilary Putman and Wanda Stables for their work this year.

I would like to thank all councillors who served on the Audit and Governance Committee during 2017/18 for their support and continued hard work. Many people have contributed to the work of the Committee, including officers and external partners. I would like to put on record my thanks to them.

I am confident that the audit and governance of Selby District Council is robust and I look forward to the coming municipal year.



Councillor Mike Jordan
Chair, Audit and Governance Committee
18 April 2018

Audit and Governance Committee Annual Report 2016/17

The Audit and Governance Committee

The membership of the Committee was amended at Annual Council for the start of the municipal year. Councillor Brian Marshall was appointed to the Committee, replacing Councillor Robert Packham.

Conservative

Cllr. Mike Jordan (Chair)
Cllr. Ian Reynolds (Vice-Chair)
Cllr. Karl Arthur
Cllr. Judith Chilvers
Cllr. Bryn Sage

Labour

Cllr. Brian Marshall

Independent

Cllr. Mary McCartney

The Committee met five times during the year; however, the meeting on 14 June 2017 was adjourned as it was inquorate. On 27 September 2017, three Committee members were appointed to sit on the Standards Sub-Committee as per the Council's revised Standards arrangements:

Conservative

Cllr. Ian Reynolds
Cllr. Bryn Sage

Labour

Cllr. Brian Marshall

Two co-opted Parish Council representatives are also required to sit on the Standards Sub-Committee, and a list of seventeen Parish Councillors was collated.

The Council's revised Standards arrangements also require the appointment of at least one Independent Person, who must be consulted before any decision is made in relation to a Standards investigation. Three Independent Persons were appointed by the Council: Philip Eastaugh, Hilary Putman and Wanda Stables.

Council officer support during the year was provided by:

- Karen Iveson, Chief Finance Officer
- Gillian Marshall, Solicitor to the Council
- Daniel Maguire, Democratic Services Officer (*up to 26 July 2017*)
- Alice Courtney, Democratic Service Officer (*from 26 July 2017*)

Representatives of both internal audit (Veritau) and external audit (Mazars) were in attendance at every meeting and the relevant council officers were also present to answer questions from the Committee. In addition, the Chair maintained a dialogue throughout the year with Veritau and Mazars.

The Role of the Audit and Governance Committee

The Audit and Governance Committee is responsible for scrutinising and monitoring the control systems, procedures and risk management systems operating at the Council.

In accordance with the Council's Constitution, the Committee has delegated authority to:

- monitor and report on the effectiveness of the Council's Constitution;
- receive reports from the Monitoring Officer on the effectiveness of the Standards arrangements adopted by the Council;
- scrutinise and approve the Council's Annual Governance Statement, statement of accounts, income and expenditure and balance sheet or records of receipts and payments (as the case may be);
- be satisfied that the Council's assurance statements, including the Annual Governance Statement, have been properly developed and considered by councillors;
- to scrutinise and monitor the control systems, procedures and risk management systems operating at the Council;
- receive, but not direct, internal audit service strategy and plan and monitor performance;
- receive the annual report of the internal audit service;
- review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary;
- consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors;
- consider the reports of external audit and inspection agencies relating to the actions of the Council;
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
- review the financial statements, external auditor's opinion and reports to councillors, and monitor management action in response to issues raised by external audit;
- issue reports and make recommendations, where appropriate, and in relation to any matters listed above, for consideration by the Council, Executive or the relevant committee of the Council;
- monitor the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 for the use of authorisation of surveillance.

Role of the Standards Sub-Committee

The Council's revised Standards arrangements require the appointment of a Standards Sub-Committee comprised of three members of the Audit and Governance Committee and two co-opted Parish Council representatives.

The Standards Sub-Committee has 'functions relating to standards of conduct of members under any relevant provision of, or regulations made under, the Localism Act 2011.'

2017/18 Work Programme

During 2017/18 the Audit and Governance Committee reviewed and considered:

- the statutory financial statements of the Council and Annual Governance Statement;
- reports made on Selby District Council by the external auditor (Mazars);
- the work of the internal auditor (Veritau);
- other issues falling within the Council's control and risk management framework.

A summary of the Committee's work over the year is set out at Appendix A.

To assist the Committee in its work, an 'action log' was maintained throughout the year which listed issues and actions arising from each meeting. The action log was considered at each meeting, with updates provided by officers on the progress and status of previously agreed actions. The action log was included on the agenda for each meeting and published in advance.

Member Development

The nature of the Committee's work requires a high level of knowledge of the Council's control framework and financial arrangements. In order to ensure members of the Committee developed the skills and knowledge necessary to fulfil their role, a variety of training and development opportunities were provided throughout the year. Attendance at these sessions was very high.

Member development included training sessions prior to Committee meetings. The Chair and the three members appointed to the Standards Sub-Committee attended a Standards training session delivered by the Monitoring Officer. The Chair also attended a variety of training days including a scrutiny event in York and a General Data Protection Regulation (GDPR) seminar hosted by the Council's external auditor, Mazars LLP.

Looking forward to 2018/19 the Committee is keen to further develop its skills and knowledge. To help achieve this, the Committee will continue to attend training sessions before each meeting. The theme of the training will continue to reflect the Committee's Work Programme. The Chair will encourage attendance at these member development sessions to ensure that the Committee is adequately equipped to fulfil its role effectively.

Conclusion

Throughout 2017/18, the Audit and Governance Committee exercised its delegations across a broad range of topics and had the opportunity to further develop the skills and knowledge of its members to ensure that the Council's control framework was adequately scrutinised.

Audit and Governance Committee Work Programme Review – 2016/17

Topic	Outcome
14 June 2017	
Risk Management Annual Report 2016/17	The Chair opened the meeting and confirmed that the meeting was not quorate, as defined by clause 8 of Part 4 of the Council's Constitution. It was confirmed that the business that was due to be transacted would be carried forward to the next scheduled meeting on 26 July 2017.
Corporate Risk Register	
External Audit Progress Report	
Annual Report of the Head of Internal Audit	
Internal Audit Charter	
26 July 2017	
Topic	Outcome
Risk Management Annual Report 2016/17	The Committee considered the Risk Management Annual Report for 2016/17 and noted the proposed actions. The Committee received assurances that risks were being adequately monitored.
Corporate Risk Register	The Committee reviewed the Corporate Risk Register 2017-18 and endorsed the actions of Officers in furthering the progress of risk management.
Annual Report of the Head of Internal Audit	The Committee considered the Annual Report of the Head of Internal Audit (Veritau), which highlighted that the Council provided 'Reasonable Assurance' in respect of the governance, risk management, and control frameworks. The Committee noted that, of the 77 actions from 2015/16, 64 had been satisfactorily implemented and the remaining 13 were in hand. The Committee requested that the Work Programme be amended to include a mid-term review of the Annual Governance Statement in January 2018. The Committee was assured that quarterly audit reporting to the Leadership Team took place to hold Heads of Service to account.
Internal Audit Charter	The report was brought to the Committee as the Council's Internal Audit Charter was required to reflect organisational changes, and the changes to the Public Sector Internal Audit Standards (PSIAS) which were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) on 1 April 2017. The Committee approved the revised Internal Audit Charter.
External Audit Progress Report	The Committee considered the External Audit Progress Report, which was slightly outdated due to it being intended for the previous Committee meeting in June 2017, which was inquorate.

External Audit Completion Report	The Committee considered the External Audit Completion Report, which was presented ahead of the normal September publication date and was therefore a positive reflection of Selby District Council having a good Statement of Accounts and responding well to allow the report to be finalised sooner. Officers were praised for their excellent work and assistance with the Audit. The Committee noted that there were no risks found in relation to 'Management override of control' and 'Pension Entries' and that the External Auditors had not encountered any significant difficulties in completing the Audit.
Annual Governance Statement	The Committee approved the Annual Governance Statement 2016/17. It was confirmed that the Statement provided assurance that the Council had a sound system of internal control to help manage and control risks.
Statement of Accounts 2016/17	The Committee approved the Statement of Accounts for the 2016/17 financial year. The Committee was able to put questions to the Auditor and the Chief Finance Officer, and noted a variance saving of £411,000.

27 September 2017	
Topic	Outcome
Internal Audit and Counter Fraud Progress Report	The Committee reviewed progress against the Internal Audit and Counter Fraud Plan and noted progress to date. The Committee noted that £10,000 in Council savings had been achieved through fraud investigation to date.
External Annual Audit Letter	This item was not included in the original Work Programme for 2017/18, but was brought to the Committee as a formal report on the outcome of the external audit. The Committee noted that most of the content of the Letter had been presented at the previous meeting in July 2017. The Committee endorsed the work of the External Auditors.
External Audit Progress Report	The Committee reviewed progress against the External Audit Plan.
Local Government Ombudsman Annual Review Letter 2016/17	The Committee considered the Local Government Ombudsman Annual Review Letter 2016/17, which presented a summary of the complaints submitted in relation to Selby District Council and the associated decisions made by the Ombudsman. The Committee was able to ask questions of the Solicitor to the Council.
Standards Investigation (Private Session)	The Committee considered the Report, which was related to a Standards Investigation that was underway. As per the Council's revised Standards Arrangements, the Committee was required to appoint three members to sit on the Standards Sub-Committee if the investigation reached the hearing stage. Councillors Marshall, Reynolds and Sage were appointed to sit on the Sub-Committee.

17 January 2018	
Topic	Outcome
Information Governance Annual Report 2017	The Committee considered the Information Governance Annual Report 2017, which included an action plan and an update on information governance matters during 2017. The Committee was satisfied with the content of the report and the action plan, and noted that there would be a full investigation into a data protection breach that had occurred, which involved the disclosure of complainants' identities.
External Audit Progress Report	The Committee reviewed progress against the External Audit Plan, and noted that the planning work for the 2017/18 external audit work was underway. The Committee noted that Mazars LLP had been confirmed as Selby District Council's external auditor for 2018/19.
Risk Management Strategy	The Committee noted the amendments to the Risk Management Strategy, the main ones of which had been made in relation to 'Monitoring of Risk Trends'. Officers highlighted that risk was managed daily and the Strategy helped to mitigate risk, and the Committee endorsed the actions of Officers in furthering the progress of risk management.
Corporate Risk Register 2017-18	The Committee reviewed the Corporate Risk Register 2017-18 and noted that at least three of the risks on the Register showed a downward trend. The Committee endorsed the actions of Officers in furthering the progress of risk management.
Internal Audit and Counter Fraud Progress Report	The Committee reviewed progress against the Internal Audit and Counter Fraud Plan and noted progress to date. The Committee noted that 32 fraud investigations had been completed to date in the 2017/18 municipal year; £11,000 worth of fraud had been detected in relation to Council Tax Support to date; and officers had recovered a property which was being fraudulently sub-let.
Annual Governance Statement 2016/17 – Action Plan Review	This item was added to the Work Programme in July 2017, and formed part of Selby District Council's statutory obligation to review the effectiveness of its system of internal control at least once a year in accordance with proper practices. The Committee noted that a number of actions had been completed, and that progress would continue to be made on the Action Plan through to the end of the year, after which the Committee would consider the Annual Governance Statement again.
Counter Fraud Framework Update	The Committee approved the updated Counter Fraud and Corruption Strategy Action Plan, which was reviewed annually to ensure that it was fit for purpose, and noted the updated Counter Fraud Risk Assessment. The Committee noted that the Internal Auditor was investigating how to detect Procurement Fraud and therefore mitigate risk in relation to it.

The following items were due to be considered at the final meeting of the municipal year:

18 April 2018	
Topic	Outcome
Consultation on Local Government Ethical Standards	
Preparations for the General Data Protection Regulation	
External Audit Progress Report	
Audit Strategy Memorandum	
Internal Audit and Counter Fraud Progress Report	
Internal Audit and Counter Fraud Plan 2018/19	
Audit and Governance Committee Annual Report 2017/18	
Work Programme 2018/19	
Data Breach Report (Private Session)	