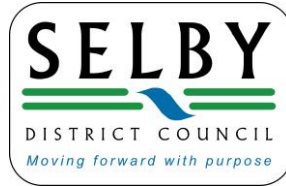




**Annual Governance Statement  
2019/20**



## **Annual Governance Statement (AGS)**

### **1. Scope of Responsibility**

- 1.1 Selby District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The statement is prepared with consideration to the Chartered Institute of Public Finance and Accountancy (CIPFA)'s good governance framework and principles.

### **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.3 The Council has operated a Leader and Executive (Cabinet) Model since May 2011. Since the Local Government Elections in 2015, the Council has elected 31 members. Elections were held in May 2019.

### **3. Selby District Council's Governance Framework**

3.1 The key elements of the Council's Governance Framework are as follows:-

- The Council's key priorities during 2019-20 were reflected in its Corporate Plan 2015-20. This plan was refreshed following a peer review and the refreshed plan covering the period April 2018 to March 2020 was approved by Full Council in April 2018.
- During 2019-20 the Council approved a new Council Plan, which set out its key priorities over the next decade. The plan was approved by Full Council on 17<sup>th</sup> December 2019 and covers the period 2020-30.
- The new 10 year council plan is accompanied by a 3 year Delivery Plan, with the first of these covering April 2020 to March 2023.
- The formal Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.
- The Council's budget and policy framework is set by the full Council. The Executive has delegated authority to operate and make decisions within the framework. Some powers are delegated to senior officers.
- In addition to the Executive there are two specific regulatory committees for Licensing and Planning. These have independent powers within their legislative framework. Each of these acts within defined terms of reference agreed by the full Council.
- Towards the end of the 2019-20 financial year, the impact of Covid-19 led to council committee meetings being cancelled. Decisions were made under urgency procedures by the Leader of the Council (or Chief Executive).
- Decisions made under urgency procedures are recorded on the Council's committee management system. At the next available Full Council meeting all such decisions will be reported.
- A Standards Sub-Committee was established as a sub-committee of the Audit and Governance Committee in May 2017 and exercises functions relating to standards of conduct of members under the Localism Act 2011.
- The Executive is subject to review by the Council's Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy. There are two statutory scrutiny committees: - Policy Review, and Scrutiny. The Audit and Governance Committee also contributes to scrutiny and overview.

- The Committee Management System, which was introduced in 2018-19 enables the recording, tracking and monitoring of committee agenda, minutes, reports and decision records.
- The Council has established five Community Engagement Forums (CEFs), which provide a forum for the public to speak directly to those who deliver local services. The Council also provides Community Funds to the CEF annually; for grants and projects to meet the objectives of each CEFs Community Development Plan (CDP).
- Council meetings are open to the public except when exempt or confidential matters are being disclosed. The public have an opportunity to participate in some of the meetings.
- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers forming part of the Council's Constitution. The Council also has a sub delegation scheme which is reviewed regularly and is published on the website.
- The Council has adopted a Local Code of Corporate Governance which is reviewed by the Audit and Governance Committee and has developed a 'Governance Framework on a Page', which is appended to this AGS.
- The Council has a counter fraud strategy along with a counter fraud and corruption policy, which was agreed by Executive in 2017/18 and is reviewed annually. The Council also has a separate whistleblowing and anti money laundering policy. The Council employs Veritau to provide a counter fraud service.
- The Chief Executive post is also an Assistant Chief Executive at North Yorkshire County Council (NYCC). As part of The Better Together programme, the two councils are working together to support efficiencies and improved services through effective partnership working.
- The Solicitor to the Council also acts as the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities relating to the Members' Code of Conduct.
- The Chief Finance Officer (a joint role employed by NYCC under Better Together - Assistant Director Strategic Resources NYCC and Chief Finance Officer SDC) is the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with the Section 151 of the Local Government Act 1972. In compliance with CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government",

Selby is in full compliance as the Chief Finance Officer is a member of the Leadership Team.

- Both the Statutory Officers referred to above have unfettered access to information, to the Chief Executive and to Members of the Council in order that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution.
- Financial sustainability is a key risk for the Council and a robust financial management framework is fundamental to managing and mitigating that risk. It comprises:
  - Financial and Contract Procedure Rules as part of the Constitution;
  - A Financial Strategy which provides the framework for financial planning – projecting high level resources and spending over 10 years, it identifies the short, medium and long term financial issues the Council is dealing with and its approach to managing reserves;
  - Medium-term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities;
  - An Asset Management Strategy, aligned with the corporate plan – a review of the strategy was planned for 2019/20 in line with the anticipated new Corporate Plan but has been delayed as a result of Covid-19. This will be progressed in 2020/21;
  - A Digital Strategy, which sets out the Council's approach to using information and communications technology to transform the way we work and empower citizens and council employees to reach their full potential;
  - Service and financial planning integrated within the corporate performance management cycle and linked to the Council's corporate objectives;
  - Annual budget process involving scrutiny and challenge;
  - Monthly monitoring by management of revenue and capital budgets – with regular reports to the Executive;
  - Revised financial procedures to enable electronic authorisation and approval of urgent items of expenditure were implemented towards the end of the financial year;
  - Embedded arrangements for securing efficiencies and continuous improvement;
  - Production annually of a Statement of Accounts compliant with the requirements of local authority accounting practice;
  - Compliance with requirements established by CIPFA.
- A performance management framework provides an explicit link between the corporate priorities and personal objectives of Council Officers. Performance is reported to Members and the Council's Leadership Team on a systematic basis with areas of

poor performance investigated. Key features of the Performance Management Framework include:-

- A regular review of the Corporate Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;
  - Service specific Strategic Plans, which are produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;
  - The Council's staff appraisal system links personal objectives directly to Service Plans;
  - Regular reports on the performance of key indicators, which are presented to the Executive;
  - The production of an Annual Report and communication through Citizen Link, (the Council's community newspaper), providing commentary and data on the previous year's performance and setting out priorities for the coming year(s).
- The Council maintains a professional relationship with Mazars, the body responsible for the external audit of the Council and the appointment of Mazars by the Public Sector Audit Appointments (as part of a national procurement exercise), for a further term, was confirmed during 2017/18. This term lasts until the end of 2022/23.
  - Recruitment and selection procedures are based on recognised good practice and all staff posts have a formal job description and competency based person specification. Services are delivered and managed by staff with the necessary knowledge and expertise with training needs identified via the formal appraisal process contributing to a corporate training strategy.
  - Pay is governed by a Pay Policy considered and approved annually by Council.
  - The maintenance of systems and processes to identify and manage the key strategic and operational risks to the achievement of the Council's objectives. Risk management continues to evolve within the Council and presently includes the following arrangements:-
    - a Risk Management Policy and Strategy has been adopted by the Council and is reviewed annually;
    - a Risk Management guidance document has been issued to key staff along with risk management training;
    - the maintenance of a Corporate Risk Register (CRR) comprising risks for the Council as a whole, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;

- detailed Service Based Risk Registers (SBRR) which have been updated along with a mechanism for feeding up to the CRR;
  - the Leadership Team keep the corporate risk management arrangements under review;
  - periodic review of risks in-year with reports to the Audit and Governance Committee and the Leadership Team;
  - the Audit and Governance Committee also approve and review the Risk Management Strategy;
  - the use by Internal Audit of a risk-based approach in the preparation and delivery of the audit plan;
  - the requirement for Officers of the Council to consider risk management issues when submitting reports to the Executive and Council for consideration by Members;
  - the adoption of an abridged version of the PRINCE2 Project Management Methodology as a means of contributing to the effective management of risks in major projects.
- The Council has established a Corporate Information Governance Group (CIGG) in order to address the requirements of the General Data Protection Regulation (GDPR) which came into effect on 25<sup>th</sup> May 2018. The Council's Senior Information Risk Owner (SIRO) is the Chief Finance Officer. The CIGG includes representatives from Veritau, who have been engaged as the Council's Data Protection Officer (DPO), a requirement of the GDPR. Veritau provide regular updates to the Audit & Governance Committee.
  - The maintenance of an adequate and effective system of Internal Audit is a requirement of the Accounts & Audit Regulations. Internal Audit is provided by Veritau North Yorkshire Ltd. (VNY), which is part of the Veritau group. The work of Internal Audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards. In accordance with these standards Internal Audit is required to prepare an audit plan on at least an annual basis.
  - Internal Audit examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control.
  - The audit plan is informed by the Council's main strategic risks. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Council's priorities and objectives.

- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement. It aims to achieve this by a variety of means including the following:
  - Service/process transformation and efficiency reviews;
  - Working with partners;
  - External and Internal Audit feedback.

#### **4. Review of Effectiveness**

- 4.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review takes account of the work of Internal Audit and the Council's Leadership Team who have a responsibility for the development and maintenance of the governance environment, and also by comments made by external auditors and other review agencies and inspectorates.
- 4.2 The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant issues.
- 4.3 The process that has been applied in maintaining and reviewing the effectiveness of the Council's system of internal control includes the following:
  - The Council's Monitoring Officer oversaw the operation of the Constitution to ensure its aims and principles were given full effect;
  - The arrangements for Overview and Scrutiny have operated throughout the year allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business. The arrangements have operated since May 2011 and were reviewed in 2018 following the Peer Challenge. A number of new processes have been introduced since a review of Scrutiny was undertaken such as quarterly meetings between the Chairs of Scrutiny and the Executive and role profiles of the Chairs of Scrutiny. With the introduction of new Members following the election, both Scrutiny Committees have reviewed their work programmes to increase their effectiveness.
  - The Audit and Governance Committee met throughout the year and received reports on the progress by Internal Audit against their work plan. The Committee also considered auditable areas where Internal Audit raised significant internal control concerns;
  - The Chief Finance Officer (s151) supported the Audit and Governance Committee and attended all meetings of the Committee;



- Internal Audit completed a programme of audits during the year according to its plan, including follow up audits. There were no specific investigations in the year.
- Towards the end of the 2019-20 year, the impact of Covid-19 led to some audit work not being completed in full or formal reports agreed. Any significant issues continued to be reported and any previously agreed actions to address significant issues continued to be followed up. The amount of work completed was sufficient to enable the Head of Internal Audit to give the annual opinion.
- The overall opinion of the Head of Internal Audit on the governance, risk management and control framework operated by the Council is that it provides **Reasonable Assurance**. There are no qualifications to that opinion. In addition, no reliance was placed on the work of other assurance bodies in reaching this opinion. Although a reasonable assurance opinion can be given, we are aware of weaknesses in the control environment which have been identified in relation to specific audits. We have recommended one new issue for inclusion in the Annual Governance Statement relating to Performance Management. Actions remain in the AGS for Information Governance, PCI DSS (Payment card security) and Procurement.
- The Council's Corporate Risk Register (CRR) has been maintained under review during the year and updated accordingly. Reports on risk management have been considered by the Leadership Team and the Audit and Governance Committee. The Audit and Governance Committee approved a revised Risk Management Strategy in January 2020.
- The Council's Risk Register has been maintained under review during the year and updated accordingly. Reports on risk management have been considered by the Leadership Team and the Audit and Governance Committee.
- Quarterly monitoring information on key areas of performance has been provided to Strategic Management and Members;
- The external auditor's annual letter confirmed that the Council had satisfactory arrangements to secure Value for Money. In respect of the Council's Statement of Accounts, an unqualified opinion was issued;
- The external auditor did not identify any significant weaknesses in our internal control arrangements;
- The Council commissioned for a Corporate Peer Challenge as part of the Local Government Association's sector led improvement programme. The peer team were on site in November 2017 and the Council has responded to the recommendations, for example:
  - Refreshed the 2015 Corporate Plan and updated it for 2018-20;

- Developed a brand new, long term Council Plan for 2020-30 – following a large number of resident consultation responses;
- Updated the Council’s communications strategy and improved staff engagement;
- Improved transparency around Programme for Growth;
- Reviewed Scrutiny arrangements; and
- Progressed our digital transformation programme – including enabling homeworking during the Covid-lockdown.

## **5 Significant Governance issues**

- 5.1 No system of governance or internal control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council’s Governance Framework and Internal Control arrangements, four issues have been identified for improvement along with actions arising from Covid-19.
- 5.2 The most significant issues for the Council to address during 2020-21 will be those resulting from the impacts of Covid-19. This will present challenges in relation to decision making processes, financial delegations, financial pressures and adjustments to how public services are delivered.
- 5.3 Other issues were those arising from internal audits. Plans to address these requirements have been produced and will be subject to regular monitoring by the Council’s Leadership Team and the Audit and Governance Committee, where appropriate. Updates on these actions have been provided to Audit and Governance committee during 2019-20; most recently in January 2020. The aim is to address these improvements during the 2020/21 financial year.
- 5.4 One issue identified in the 2018-19 AGS (creditors mandate fraud) has now been resolved, which was confirmed by testing in a 2019-20 audit.

## Appendix A

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
Review of Overview and Scrutiny Arrangements		A number of new processes have been introduced since a review of Scrutiny was undertaken such as quarterly meetings between the Chairs of Scrutiny and the Executive and role profiles of the Chairs of Scrutiny. With the introduction of new Members following the election, both Scrutiny Committees have reviewed their work programmes to increase their effectiveness.	Solicitor to the Council 31 March 2020	Completed - The activity of Scrutiny has increased since the election with increased collaborative working with the Executive. The roles of Scrutiny and Policy Review have been clarified in more detail with the current arrangements being maintained for the foreseeable future. Urgency arrangements have been operating since the March 'pandemic lockdown' and Scrutiny chairs have been engaged in this process.
Information Governance and breaches in Data Protection are not adequately managed.	Internal Audit Report / Veritau Information Governance plan	<ul style="list-style-type: none"> <li>• Most actions relating to DPA 2018 &amp; GDPR have been completed and reported to Selby CIGG.</li> <li>• On-going work is required in relation to information asset management and law enforcement processing which is included within the Information Governance work programme agreed with the Data Protection Officer (Veritau).</li> </ul>	Chief Finance Officer (SIRO)  Agreed 2020/21 work programme to be completed by 31 March 2021	An Information Governance plan for 2020/21 will address the remaining actions and will be presented to CIGG.  An Information Security Sweep took place in September 2019 and an improvement in physical information security was observed.  See also performance management below.

## Appendix A

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
Non-compliance with the Payment Card Industry Data Security Standard (PCI DSS)	Internal Audit report	New software purchased as old system ceased to be supported. Implementation of new software should resolve PCI DSS issues Management responsibility has been defined. Responsibility for completing annual PCI DSS assessment to be assigned.	Head of Business Development and Improvement  Revised date to 31 December 2020 (previously 31 September 2020).	The council procured a new system during 2019-20 to enable PCI DSS compliance. Whilst originally it was hoped that this would be implemented by September, delays due to Covid-19 mean this is now likely to be delayed slightly to December 2020. The new system should resolve PCI DSS issues.
Procurement	Internal Audit report	There are currently no procedures for reporting breaches to the Contract Procedure Rules once they have been identified.	Head of Commissioning, Contracts & Procurement 31 March 2020	The CPRs have been updated to include that breaches are a serious matter that need to be reported so that they can be investigated further. The CPRs also include details on who breaches should be reported to. Once breaches have been identified they will be recorded so that they can be reported to the Council's Leadership Team.
Performance Management	Internal Audit Report	<ul style="list-style-type: none"> <li>• PDR guidance to be reviewed and updated</li> <li>• HR to undertake QA review of sample of PDRs</li> <li>• Return rate of PDRs to be monitored &amp; all PDRs reviewed and returned to manager if not complete.</li> <li>• Training plan to be completed promptly</li> </ul>	Head of Business Development and Improvement  Revised date 31 December 2020 (previously September 2020)	A wholesale review of PDRs is planned for 2020 but this has been delayed.  Existing guidance will be updated in advance of the next round of PDRs, to be completed at the end of 2020/21.

## Appendix A

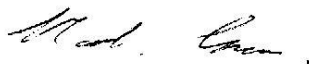
Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
		<p>following PDR process.</p> <ul style="list-style-type: none"> <li>•</li> </ul>		<p>Following Covid-19 lockdown, over 80% of staff worked from home. This was enabled by the successful delivery of our Digital Workforce programme. Whilst a return to the workplace is expected for some in 2020/21, it is likely that many staff will continue to work more regularly from home. We will support all staff to work effectively and safely in the new arrangements and will ensure risk assessment, compliance checks, advice, guidance and training takes place to minimise risks, for example around wellbeing or information security, that may arise from new ways of working.</p>
<p>Governance arrangements and decision making to be reviewed as a result of Covid-19</p>		<ul style="list-style-type: none"> <li>• Council and Committee meetings suspended</li> <li>• Urgency arrangements implemented</li> <li>• Subject to necessary legislation, virtual meetings established</li> </ul>	<p>Solicitor to the Council</p> <p>April 2020</p> <p>By September 2020</p>	<p>Remote meetings are currently being rolled out across the authority. Meetings such as Executive and Planning Committee have already met and it is aimed to have all meetings up and running by September.</p>
<p>Financial procedures and decision making to be reviewed as a result of Covid-19</p>	<p>E-mail communication to Leadership Team</p>	<ul style="list-style-type: none"> <li>• Arrangements for emergency spending in relation to COvid-19 to be implemented</li> </ul>	<p>Chief Finance Officer</p> <p>April 2020</p>	<p>Completed</p>

## Appendix A

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
		<ul style="list-style-type: none"><li>• Arrangements for electronic sign-off of financial transactions to be implemented</li></ul>		



**Janet Waggott**  
Chief Executive



**Councillor Mark Crane**  
Leader of the Council