

## Notice of a public meeting of

### Audit and Governance Committee

<b>To:</b>	Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Merrett, Rose, Coles, Vassie and Binney (Independent Member)
<b>Date:</b>	Wednesday, 6 May 2026
<b>Time:</b>	5.30 pm
<b>Venue:</b>	West Offices

### AGENDA

- 1. Apologies for Absence**
- 2. Declarations of Interest (Pages 5 - 6)**

At this point in the meeting, Members and co-opted members are asked to declare any disclosable pecuniary interest, or other registerable interest, they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

*[Please see attached sheet for further guidance for Members].*

- 3. Exclusion of Press and Public**

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annexes 2 to 8 of agenda item 9 on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

#### **4. Public Participation**

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the Committee.

**Please note that our registration deadlines are set as 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering at this meeting is 5:00pm on Friday 1 May 2026.**

To register to speak please visit [www.york.gov.uk/AttendCouncilMeetings](http://www.york.gov.uk/AttendCouncilMeetings) to fill in an online registration form. If you have any questions about the registration form or the meeting, please contact Democratic Services. Contact details can be found at the foot of this agenda.

#### **Webcasting of Public Meetings**

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During coronavirus, we made some changes to how we ran council meetings, including facilitating remote participation by public speakers. See our updates ([www.york.gov.uk/COVIDDemocracy](http://www.york.gov.uk/COVIDDemocracy)) for more information on meetings and decisions.

**5. Minutes & Action Log (Pages 7 - 30)**

To approve and sign the minutes of the meetings held on 28 January and 11 March 2026.

**6. Counter Fraud Progress Report (Pages 31 - 44)**

This report provides an update on counter fraud work undertaken so far in 2025/26.

**7. 2026/27 Counter Fraud Plan (Pages 45 - 70)**

This report sets out counter fraud work planned for 2026/27. It contains an updated fraud risk assessment, an assessment of counter fraud work at the council against national counter fraud good practice, and an annual counter fraud development plan and work plan.

**8. Audit and Governance Work Plan (Pages 71 - 74)**

To consider the committee's work plan.

**9. Internal Audit Progress Report 2025/26 (Pages 75 - 176)**

This report provides an update on the delivery of the internal audit work programme for 2025/26, and plans for delivery over the remainder of the year.

**10. Code of Conduct**

The Director of Governance will provide a verbal update on the Code of Conduct.

**11. Urgent Business**

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democratic Services Officer:

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Ta informacja może być dostarczona w twoim własnym języku. (Polish)

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For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
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Contact details are set out above.

### Declarations of Interest – guidance for Members

- (1) Members must consider their interests, and act according to the following:

Type of Interest	You must
Disclosable Pecuniary Interests	Disclose the interest, not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Directly Related) <b>OR</b> Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Affects) <b>OR</b> Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being: (a) to a greater extent than it affects the financial interest or well-being of a majority of inhabitants of the affected ward; and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest. In which case, speak on the item <u>only if</u> the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations,

and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.

City of York Council

Committee Minutes

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Meeting	Audit and Governance Committee
Date	28 January 2026
Present	Councillors Fisher, Merrett, Rose, Binney (Independent Member), Healey (Substitute), Orrell (Substitute), Whitcroft (Substitute) And Baxter (Substitute), and Binney (Independent Member)
In Attendance	Bryn Roberts – Director of Governance Debbie Mitchell – Director of Finance Garry Taylor – Director of City Development Patrick Looker – Assistant Director of Finance David Walker - Customer Finance Risk & Insurance Mark Outterside - Director, Forvis Mazars Louise Stables - Audit Manager, Forvis Mazars Connor Munro - Assistant Director – Audit Assurance, Veritau
Apologies	Councillors Hollyer, Burton, Coles, and Vassie

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### 37. APOLOGIES FOR ABSENCE (17:30)

It was confirmed that apologies had been received from Councillors Burton, Coles, Hollyer, and Vassie. These Councillors were substituted by Councillors Baxter, Healey, Orrell, and Whitcroft.

As apologies had been received from both the chair and vice chair of the Committee, Cllr Fisher was elected to chair the meeting.

### 38. DECLARATIONS OF INTEREST (17:33)

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda. None were declared.

**39. EXCLUSION OF PRESS AND PUBLIC (17:41)**

The Committee discussed whether the private annexes could be discussed in public session. Officers noted that due to the ongoing nature of some of the contracts within the papers there could be issues with those contracts at the end point should all the information be made public. Officers also confirmed that an additional report would be brought to the Committee's 11 March 2026 meeting.

Councillor Rose disputed the account given in public participation by Councillor Widdowson; he said that the report showed that issues with contract management in major projects could also be dated back to previous administrations.

The Committee also requested that a future report relating to major projects and the Station Gateway give clearer timescales of events and issues in the project and where there were issues further detail of the issues identified to understand where problems occurred and how they were managed at an officer and Executive level. Officers reminded the Committee that its remit was to identify issues relating to the Council's procedures and whether it had the right procedures in place and not specifically the operational decisions relating to a single project.

Resolved: That the press and public be excluded from the meeting during consideration of Annex 1 to Agenda Item 13 on the grounds that it contains Information relating to the financial or business affairs of any particular person (including the authority holding that information). This information was classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

**40. MINUTES & ACTION LOG (17:56)**

The Committee considered the minutes of the Committee from 12 November 2025. Members highlighted that while representatives of the Conservative Labour, Liberal Democrat groups had been consulted on the revisions Public Participation in the Constitution, by the Monitoring Officer, the Conservative

and Liberal Democrat groups it was noted were not in agreement with the full range of changes at that consultation.

The Monitoring Officer updated the Committee on the working groups progress reviewing the Council's public participation protocol. He confirmed that the proposed changes would be shared with the Constitution Working Group for consideration, before coming back to the Committee.

Officers confirmed that appointments were being confirmed for new independent members for the Audit and Governance Committee, Joint Standards Committee, and three appointments were to be made to the Independent Remuneration Panel. The Committee noted the importance of having independent members and thanked the Head of Democratic Services for their work in the appointment of these new independent members.

Resolved: That the minutes of the meeting held on 11 November 2025 be approved and then signed by the Chair as a correct record.

**41. PUBLIC PARTICIPATION (17:33)**

It was reported that there had been two registrations to speak at the meeting under the Council's Public Participation Scheme.

Gwen Swinburn raised concerns relating to KCR 7 and how the Capital Programme was managed. She also raised concerns that the Committee were not given the sufficient tools or information to perform their auditing function in relation to the capital programme and suggested the governance arrangements of the Committee should be reviewed to ensure it can perform its functions more effectively.

Cllr Widdowson stated that it was rare for the internal audit report to be so damning in relation to the Council's performance and stated that with a £20m overspend on just one capital scheme alone was incredible. She asked that the full audit report information be made public and said that a combination of changes by the Executive and a failed corporate restructure losing key experience had led to the level of overspend on the project.

**42. AUDIT COMPLETION REPORT 2024/25 (18:06)**

Mark Outterside and Louise Stables from Forvis Mazars introduced the report and outlined the work undertaken during their audit and what areas had been completed as part of the audit. They also confirmed that they were progressing with the final Accounts Audit which included a value for money audit for the Council. It was confirmed that they expected to be able to issue an unqualified opinion for the Council.

Resolved:

- i. Noted the matters set out in the Audit Progress Report and draft Auditors Annual Report presented by the external auditor.

Reason: To ensure the proper consideration of the progress of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money

**43. FINAL STATEMENT OF ACCOUNTS 2024/25 (18:21)**

Assistant Director for Finance introduced the report and outlined the recommendation to delegate to the Committee chair and vice chair to sign off the Statement of Accounts.

Resolved:

- i. Noted the matters set out in the Audit Completion Report.

Reason: To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

**44. TREASURY MANAGEMENT MONITOR 3 (18:32)**

The Director of Finance introduced the report that outlines the Council's treasury activity to date. The Committee enquired whether the Council had to large a capital programme

considering the Council's debt to income outlined in the report. Officers confirmed that the size of the capital programme was for the consideration of the Executive but that the Council remained significantly under borrowed compared to what the Council's prudential indicators would allow for. Officers also confirmed that a significant portion of upcoming borrowing for the Capital Programme was connected to York Central which would generate income from the enterprise zone when occupied. Members enquired as to whether there were any delays in the development of this part of York Central which could impact the Council's debt to income. Officers confirmed that the programme was currently on schedule and that positive talks had been held regarding occupancy of the enterprise zone.

Resolved:

- i. Noted the Treasury Management Quarter 3 Report and Review of Prudential Indicators 2025/26.

Reason: That those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

#### **45. TREASURY MANAGEMENT STRATEGY (18:52)**

The Director of Finance introduced the report and confirmed that it had been to Executive and following approval by the Committee would go onto Full Council for final approval.

Resolved:

- i. Noted the treasury management strategy statement and prudential indicators for 2026/27 to 2029/30 at annex A.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy

**46. KEY CORPORATE RISKS MONITOR 3 (18:54)**

The Committee considered the report on the Council's Key Corporate Risks (KCR). Members were informed that Officers were to discuss whether a specific KCR was required for the delivery of the Local Plan or whether risks associated in it were covered in other areas of the risk register. The Committee asked that Officers enquire with as to whether enough weight was being assigned to mitigations in place against identified risks. The Committee noted how in areas such as Governance a Gross risk of 20 after mitigation only went to a 19 and asked whether risk owners could consider whether mitigations were having a greater impact on the level of risk than that was presented in the register.

The Committee moved onto considering specifically KCR 7 Capital Programme. Members enquired whether KCR 7 needed to rise in its level of risk due to information in this report and the internal audit, officers confirmed that while the Capital Programme was large the level of risk was considered to be measured appropriately. The Committee enquired as to why level of risk had continued to increase relating to KCR 7, considering following the audit report more controls had been put in place. Officers confirmed that due to the risks identified within the internal audit into Major Projects the risks associated had been rescored to reflect this even with the additional controls in place, particularly as the Council was currently actioning those controls, so not all were in place.

Members raised concerns that the duelling of the outer ring road might not be fully delivered unless more funding from elsewhere such as the Combined Authority can be secured. Officers noted that they were delivering in a phased approach but continued to contract for the whole scheme as this remained the intention of the project and that they were working closely with the Combined Authority on the project. The Committee acknowledged that by phasing the project they reduced the level of risk to the Council's Capital Programme.

The Committee also enquired about whether the Council was able to recruit and retain people with the right skills to deliver against the Capital Programme. Officers acknowledged that matching pay in the private sector was not something the Council or any local authority could do in this sector, however, the Council continued to attract people with the right levels of

skills and knowledge and was improving its pathway for staff to progress and train, with the understanding that the Council needed to ensure team wide resilience as areas such as this will have the potential for high turnover.

Resolved:

- i. Noted key corporate risks register;
- ii. Noted the in-depth review of KCR 7 (Capital Program);
- iii. Officers to review the scoring of risks after mitigations have been accounted for.

Reason: To provide assurance that the authority is effectively understanding and managing its key risks.

**47. INTERNAL AUDIT WORK PROGRAMME CONSULTATION REPORT 2026/27 (19:41)**

The Committee considered the Internal Audit Work Programme Consultation 2026/27 report which sought the Committee's input on the planned work for the Council's internal audits. It was confirmed that consultations were also taking place with Council officers to ensure auditors understood the risk profile of the Council.

Members enquired as to whether audits could be considered for the Council's role as a commercial landlord within the city and for an audit of the Council's progress against the Transformation Programme to support the Council in its work to find efficiencies understanding the challenge associated with the required level of budget savings needed in year.

Resolved:

- i. The Committee recommended that an internal audit be considered on the Council's role as a commercial landlord in the city;
- ii. The Committee recommended that an internal audit be considered on the Transformation Programme.

Reason: Internal audit professional standards require that the views of this committee are considered when developing the internal audit work programme.

**48. AUDIT AND GOVERNANCE WORK PLAN (19:52)**

The Committee considered its work plan for 2025-26. Members noted the additional item on Major Projects to come to the 11 March 2026 meeting and Members asked that a further briefing come to the Committee following the completion of the actions in the audit. The Committee also expressed an interest in an item on the Council's Code of Conduct to be added to the Committee's 2026-27 work plan.

Resolved:

- i. That an item on Major Projects be added the Committee's 11 March 2026 meeting and a further briefing be brought to the Committee at the completion of the actions against the internal audit.
- ii. That the Council's Code of Conduct be added as an item to the Committee's 2026-27 work plan.

Reason: To ensure the Committee maintains a programme of work.

**49. CONTRACT MANAGEMENT: MAJOR PROJECT DELIVERY (17:58)**

*This item was considered in private session in accordance with the resolution in minute 39.*

Cllr Hollyer, Chair  
[The meeting started at 5.30 pm and finished at 7.58 pm].

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Meeting	Audit And Governance Committee
Date	11 March 2026
Present	Councillors Hollyer (Chair), Fisher, Merrett, Rose, Vassie, Baxter and Moroney
In Attendance	Bryn Roberts – Director Of Governance Debbie Mitchell – Director Of Finance Garry Taylor – Director Of City Development Mark Outterside - Director, Forvis Mazars Louise Stables - Audit Manager, Forvis Mazars Connor Munro - Assistant Director – Audit Assurance, Veritau Jonathan Dodsworth – Assistant Director – Counter Fraud, Veritau
Apologies	Councillors Burton, Coles, and Independent Member Mr Binney

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**50. APOLOGIES FOR ABSENCE (17:31)**

It was confirmed that apologies had been received from Councillors Burton and Coles, as well as from the Committee's Independent Member Mr Binney. Councillors Burton and Coles were substituted by Councillors Baxter and Moroney.

**51. DECLARATIONS OF INTEREST (17:32)**

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda.

Cllr Merrett did not have a prejudicial interest for the meeting but made the Committee aware that he was a Chartered Engineer and a Member of the York and North Yorkshire Combined Authority Audit and Governance committee.

**52. EXCLUSION OF PRESS AND PUBLIC (17:37)**

Resolved: That the press and public be excluded from the meeting during consideration of Annexes 2-9 to Agenda Item 14 on the grounds that it contains Information relating to the financial or business affairs of any particular person (including the authority holding that information). This information was classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

**53. MINUTES & ACTION LOG (17:38)**

The Committee considered the minutes from the Committee 28 January 2026 meeting. The Committee discussed the contribution under public participation from Councillor Widdowson at that meeting and agreed to amend the word stated with said to reflect that what was stated was the Councillors opinion.

The Committee also agreed to add under minute 39. Exclusion of Press and Public:

‘Councillor Rose disputed the account given in public participation by Councillor Widdowson; he said that the report showed that issues with contract management in major projects could also be dated back to previous administrations.

The Committee also requested that a future report relating to major projects and the Station Gateway give clearer timescales of events and issues in the project and where there were issues further detail of the issues identified to understand where problems occurred and how they were managed at an officer and Executive level. Officers reminded the Committee that its remit was to identify issues relating to the Council’s procedures and whether it had the right procedures in place and not specifically the operational decisions relating to a single project.’

Resolved: That the minutes of the meeting held on 28 January 2026 be approved and then signed by the Chair as a correct record with the additional changes outlined above.

**54. PUBLIC PARTICIPATION (17:33)**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Gwen Swinburn noted her shock at the Council's £28m overspend on a single project and raised concerns that the action plan would not be sufficient to deal with governance and control issues in major projects and asked the Committee review this to take more oversight of the process. She also asked if the Council was doing enough to be prepared for any equal pay liabilities.

**55. EXTERNAL AUDIT COMPLETION REPORT FOLLOW UP 2024-25 (17:43)**

Mark Outterside and Louise Stables from Forvis Mazars introduced the external audit completion report. The Committee discussed the Council's Corporate Scrutiny Budget and Medium-Term Financial Strategy Task and Finish group, that would review the Council's Medium Term Financial Strategy, to consider the savings identified within the strategy and the delivery against those savings. Members enquired as to whether the external auditors considered this a good approach to reviewing and delivering savings, the External Auditors noted that they would need to review this further before giving any statement on the approach.

Resolved:

- i. Noted the matters set out in the Auditors Annual Report.

Reason: To ensure the proper consideration of the progress of the external auditor in respect of the annual audit of accounts.

**56. KEY CORPORATE RISKS MONITOR 4 (17:51)**

The Head of Customer Finance Risk & Insurance and Emergency Planning Manager introduced the report which provided an update on the Council's Key Corporate Risk (KCR) and a focused review of 11 Major Incidents. The Emergency Planning - Resilience and Contingencies Manager outlined the

Council's role in responding to major incidents, the training and lessons learnt to ensure that the Council can respond to future incidents, and the work it does with partners as part of the Local Resilience Forum.

The Committee were informed that additional flood barriers that had been installed should reduce impact on highways, households, and businesses. Officers confirmed that households and business were recommended to have a household or business plan for major incidents to ensure they can bounce back quickly. Members noted that the pandemic had meant the Council had become a lot more resilient in its ability to go digital with a lot of its meetings and services and asked whether this meant the Council needed to be more prepared for cyber threats. Officers confirmed that the Council undertook cyber training and resilience work with partners, the Council was also prepared with in person meetings to work around cyber attacks or national power outages.

Resolved:

- i. Noted the in-depth review of KCR 11 (Major Incidents) at Annex C;

Reason: To provide assurance that the authority is effectively understanding and managing its key risks.

**57. UPDATE ON MAJOR PROJECTS (18:12)**

The Director of City Development introduced the report which provided a further update into major projects. This report followed on from the Committees 28 January 2026 Contract Management Major Projects Delivery Report. He confirmed that the Council were recruiting to ensure it had sufficient resources to meet challenges highlighted in the internal audit report from Veritau and was reducing its reliance on private consultants to ensure the Council had more direct control over projects.

On the Station Gateway project, Officers noted that weekly progress reports were being provided to senior officers. It was confirmed that the Council could have been more prepared ahead of entering into the Station Gateway. It was confirmed that the Council had entered a NEC contract which meant that the final cost of the project would be determined at the end of

the project and that multiple unplanned issues had affected the projected overall cost.

Members queried as to whether the Council had sufficient staff training and experience in contracts and civil engineering within project management. Officers confirmed that the Council was currently recruiting and that there had been vacancies due to the challenge for Councils in recruiting within the sector. The Council was providing training opportunities and was standardising its project management procedures to ensure improvements in project management. The Committee asked whether the additional resources for the Station Gateway project would have addressed issues in reporting on the overspend sooner. Officers noted that additional resources can assist schemes, however, in the case of the Station project this was resourced but more from a consultancy side rather than specifically Council officers, something the Council was reducing its need for consultancy support.

The Committee asked about how the Council was reporting to Councillors about major projects. Officers confirmed that the risk register were released on a regular basis and that the Council would maintain transparent reporting on changes. It was confirmed that some information couldn't be made public, but this information is reported to senior management level in the Council and monthly meetings were now being held with Executive members to ensure they were fully briefed on major projects.

The Committee enquired as to why the Council might enter a contract to deliver a project that didn't have a fixed cost and how would the Council ensure there are not future projects that could have a £28m overspend like the Station Gateway. Officers noted that regular reporting was going to be key and that changes had been made to ensure this so that ongoing costs were better monitored. Officers confirmed that with better reporting on the Station Gateway project costs might have remained the same as they currently are, but it would have allowed the Council greater control over managing the project. In terms of entering the contract Officers noted that while it was correct that additional work pre contract agreement might have better identified the full nature of the work and potential costs, it was the case that there were numerous time constraints to secure funding. In the case of the project, officers also noted that it was not a guaranty that additional up-front work would

have changed the overall cost of the project, but might have more accurately assisted in identifying the overall cost of delivery.

Members raised several questions regarding when in the project issues occurred that led to project overspend on the Station Gateway. Members enquired as to whether the senior management restructure in 2024 had any impact, Officers noted that issues with the project were dated back to 2022 and links to the change in structure and the project would be difficult to determine but they did not believe it would have had a large factor in project management issues. Members highlighted the package 2 contract signed in April 2023 and asked whether more due diligence should have been given to the contract and asked why it was agreed in the pre-election period. Officers confirmed that the decision had been made previously by Executive therefore the entering of the contract could be an officer decision in the pre-election period. Officers also confirmed that the contract was fine in principal but that unforeseen issues had led to additional costs that were outlined in the projects predicted cost.

The Committee noted that it had mainly focused on the Station Gateway project due to the projected overspend on that project, however, they also noted that similar issues had been identified with the Tadcaster Road project. Members asked whether this showed a wider issue with the work the Council undertook to enter contracts for major projects. Officers noted that the audit suggested issues in the initial design phase in contracts and that the work undertaken on training, recruitment, and changes to project management should prevent similar issues with future projects.

Resolved:

- i. That a further update on progress against the Internal Audit Action Plan to be brought to the Committee's 16 September 2026 meeting.

Reason: To ensure that the action plan is being delivered.

**58. REVISED JOINT STANDARDS COMMITTEE PROCEDURES AND ASSOCIATED AMENDMENTS (19:51)**

The Director of Governance introduced the report and informed the Committee that the proposed constitution changes to change the quoracy of meetings to 3 for all non-specified committee. It was confirmed that the proposed changes had been through the Constitution Working Group and was recommended by the group for approval. The Committee discussed whether the move from often 4 to 3 members for quoracy was appropriate. Officers confirmed that 3 members would see most committee's setting quoracy to a quarter of members on the Committee that was both legal and consistent with other local authorities.

The Committee considered the proposed changes and enquired whether in cases where the Monitoring Officer had a conflict of interest in a standards case and the deputies couldn't stand in was it appropriate for the chair and vice chair of the Committee to take up the Monitoring Officers role. Officers confirmed that this was appropriate procedure and reassured the Committee that the event of the Monitoring Officer and both their deputies being unable to perform the role of the Monitoring Officer would be incredibly rare. It was agreed for additional clarity that it would be amended to state that support would be provided by a Deputy Monitoring Officer to the Chair and Vice Chair in cases where the Monitoring Officer was unable to support the Joint Standards Committee.

Resolved:

- i. Noted the amended revised Joint Standards Committee Procedures with additional reference to support for the Chair and Vice Chair being provided by a Deputy Monitoring Officer in the event the Monitoring Officer is a complainant or has a conflict of interest;
- ii. Endorsed the proposed associated constitutional amendments;
- iii. Remit the changes above to the next ordinary meeting of Full Council for approval.

Reason: To allow Council to determine the proposed Constitutional changes.

**59. COUNTER FRAUD PLAN 2026/27 (20:04)**

This item was deferred to the Committee's next meeting on 6 May 2026.

**60. COUNTER FRAUD PROGRESS REPORT 2025/26 (20:04)**

This item was deferred to the Committee's next meeting on 6 May 2026.

**61. INTERNAL AUDIT WORK PROGRAMME 2026/27 (20:05)**

The Head of Internal Audit from Veritau introduced the report, which outlined how Veritau would deploy its resources in 2026/27. He confirmed that Veritau had agreed a 10% reduction in service with the Council which would be split 50/50 with counter fraud work and noted that he remained confident that the reduction would still allow sufficient time for audit and counter fraud work.

The Committee considered the audit work plan, and it was confirmed to the committee that as usual Veritau over programme for the year, some audits would be larger than others and if new priorities are identified it was confirmed the order of the programme could be adjusted. Members also asked whether it was possible to see Veritau performance data on other Council's to help benchmark how the Council was performing.

Resolved:

- i. Approved the 2026/27 internal audit work programme.
- ii. Veritau to consider whether performance data from other Council's it provides audit work for could be shared with the Committee to benchmark York's performance.

Reason: In accordance with the committee's responsibility for overseeing the work of internal audit service.

**62. AUDIT AND GOVERNANCE COMMITTEE WORK PLAN (20:22)**

The Committee considered its work plan and confirmed that the counter fraud reports from Veritau would be postponed to the Committee's 6 May 2026 meeting.

Resolved:

- i. Noted the Committee work plan with the addition of Veritau's counter fraud reports to be added to the Committee's 6 May 2026 meeting.

Resolved: To ensure the Committee maintain a programme of work.

**63. INTERNAL AUDIT PROGRESS REPORT 2025/26 (20:23)**

The Head of Internal Audit from Veritau introduced the report. The Committee enquired about the Contract Management: Major Project Delivery audit and whether the findings of the audit would be different pre and post May 2023. The Head of Internal Audit noted that it would be difficult to determine from the audit undertaken, he confirmed that the audit didn't look specifically at the different packages of the project and that the audit considered contract management and identified issues in the delivery of major projects.

*The remainder of this item was considered in private in accordance with the decision taken in minute 52.*

Resolved:

- i. Noted the progress made in delivering the 2025/26 internal audit work programme, and plans for delivery over the remainder of the year;
- ii. To postpone multiple audit progress reports to the Committee's 6 May 2026 meeting.

Reason: To enable members to consider the implications of internal audit findings, and to review planned activity for the remainder of 2025/26.

Councillor Hollyer, Chair

[The meeting started at 5.31 pm and finished at 9.00 pm].

**Completed Audit and Governance Committee Action Log 2025/26**

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
74	04/09/24	Information Governance performance report	That an update on the repeated themes published within FOIs/EIRs to be provided in future reports to A&G	Lorraine Lunt	Future reports to A&G to include themes and link(s) to published disclosure logs Freedom of Information Responses Disclosure Log – City of York Council ( <a href="https://www.york.gov.uk/FOIDisclosureLog">https://www.york.gov.uk/FOIDisclosureLog</a> ) and York Open Data York Open Data – City of York Council York Open Data – City of York Council ( <a href="https://www.york.gov.uk/information-management/york-open-data">https://www.york.gov.uk/information-management/york-open-data</a> )	Ongoing	Ongoing
84	27/11/24	Audit and Counter Fraud Progress Report	Regarding Annex 5 - Section 106 agreements - To provide further information on what proportion of total monies was reflected on EXECOM.	Becky Eades		Ongoing	No
93	27/11/24	External Audit Plan (Audit Strategy Memorandum) 2023/24	Future reports to contain a detailed definition of the roles of the audit team	Mark Outterside (Forvis Mazars)		Ongoing	No

94	14/05/25	Data security	Email to be shared with all members to remind them about the importance of using CYC devices for Council bussiness and the dangers assoisated with using other devices.	Lorraine Lunt	There was also the request for user training for Cllrs which I will work with Roy Grant/ICT on arranging.  I will send out the guidance for Cllrs on their roles/responsibilities under data protection and check what is available from the previously provided training and guidance as part of the Members Induction programme to see if it is available to all on MyLo and if not, get it put onto MyLo.	30/09/25	No
102	03/09/25	KCR Changing Demographics	To share with the Committee the updated data set relating to KCR 4 Changing Demographics.	Sara Storey			No
103	03/09/25	Planning Committee	To add to the Committee work plan to review the affect of planning committee changes in autumn 2026.	Bryn Roberts	Will be added to the Committees 2026/27 work plan .	30/11/26	No
105	12/11/25	Constitution Review	To establish a Constitution Working Group to review Appendix 8 of the Constitution- Public Participation Protocol	Bryn Roberts	A meeting of the Constitution Working Group took place on 22nd January, to review the Public Participation Protocol, feedback from the working group will be provided at the meeting. Update: Drafting is almost complete, and it is anticipated that the revised draft will be presented to the CWG in time to bring a report to the May meeting of the Audit & Governance Committee.		No
106	12/11/25	Community Governance Review	The Committee recommends that the Audit and Governance Committee post the 2027 Council Election consider adding a Community Governance Review to its work plan to explore options for a review.	Audit and Governance Committee	On hold until completion of the Boundary Commission review and the new ward patterns have been embedded after the 2027 local elections.		On Hold
108	29/01/26	Final Statement of Accounts	Briefing note to be shared with the Committee relating to what is included within Other Movement in Costs	Patrick Looker			No

109	29/01/26	KCRs	To ask risk owners to consider again the score impact that the outlined mitigations are having against the risks they own in the register.	David Walker			No
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**Completed Audit and Governance Committee Action Log 2025/26**

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
68	08/08/24	Report on the extension and subsequent termination of the Early Intervention and Prevention Contract with the Salvation Army	That the Director of Governance commission an internal audit investigation of the council's contract management provision, following discussion with the Chair and Vice-Chair on the observations identified at the meeting on 8 August 2024 and ensuring the process followed to the point of cessation of the Salvation Army contract was included in the review.	Bryn Roberts/Max Thomas	The internal audit report has been issued with a limited assurance opinion (see internal audit progress report). An action plan has been agreed with management to address the issues identified by internal audit.	30/07/25	Yes
83	14/10/24	Report of the Monitoring Officer on suggested Constitutional changes.	That all Honorary Aldermen and Alderwomen be informed annually on the dates of Full Council.	Rob Flintoft	Dates to be issued following approval of the 2025/26 corporate calendar at Full Council. Instructions given - to remain on the action plan until after Annual Council has taken place.	22/05/25	Yes
85	27/11/24	Audit and Counter Fraud Progress Report	Regarding Annex 8, the Health and Safety internal audit report actions, Members to receive assurance from Veritau and CYC officers that the actions were being tracked and implemented	Max Thomas (Veritau)	With one exception, all the actions have been completed by the relevant service areas. The exception relates to the inclusion of specific wording in job descriptions to reflect the health and safety responsibilities of different roles. HR has confirmed that this action is being progressed.	Ongoing	Yes
95	30/07/25	Assests for Disposal	External Audit Progress Report made reference to £23m worth of assests for disposal. Officers to confirm what is included with in this list of assests to the Committee.	Debbie Mitchell	Information sent by email	07/08/25	Yes
97	30/07/25	External Debt	Officers to provide greater detail on the increase in external debt from 24/25 to 25/26.	Debbie Mitchell	Increase is due to increase in capital programme following slippage.		Yes

98	30/07/25	Audit and Governance Work Plan	Chair and Officers to review whether some of the Committee's January items can be moved to other Committee dates.	Chair/ Bryn Roberts/ Robert Flintoft	Internal audit report, Counter fraud report, and Improving ways of working reports to be delayed to March; Independent person recruitment report to be a verbal update as part of action log item.		Yes
99	30/07/25	Council Communications	Committee to recommend that Corporate Scrutiny review the Council's developing Communications Strategy. Internal Audit Report to be shared with Corporate Scrutiny Committee. Officers to provide feedback to the Committee on progress against the Audit report.	Robert Flintoft/ Debbie Mitchell	Emailed Cllrs Hollyer & Fenton, plus Claire Foale and Mike James to have a discussion and take forward as appropriate.		Yes
100	30/07/25	Member Induction Programme/ Training.	To share Member induction Programme Internal Audit Report with Joint Standards Committee to support work on Member Training and Induction.	Becky Eades	Report shared with the new Member working group on Member training and inductions.		Yes
101	30/07/25	Savings Plan	To Share Savings Plan Internal Audit Report with the Budget task and finish group.	Robert Flintoft/ Debbie Mitchell	Will be shared with task and finish group at their meeting 4th September.		Yes
104	12/11/25	Independent Members	Officers to put out new adverts for independent members on A&G and Joint Standards.	Bryn Roberts	Applications closed on 31st December. Applications have been received, interviews delayed because of the by-election but expected to take place week commencing, 19th Jan. Update: Appointments have been made for Independent Persons for both the Audit & Governance Committee and Joint Standards Committee, and will be presented to Council in March for the appointment of Independent Remuneration Panel members.		Yes
94	29/01/26	Major Projects	Follow up report on Major Projects to be brought to the Committee's 11 March 2026 meeting. A further briefing to be brought to the Committee following the completion of the actions against the internal audit.	Garry Taylor	Report to be presented to the 11 March 2026 meeting.	11/03/26	Yes

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<b>Meeting:</b>	Audit and Governance Committee
<b>Meeting date:</b>	06/05/26
<b>Report of:</b>	Head of Internal Audit (Veritau)
<b>Portfolio of:</b>	Cllrs Lomas and Baxter, Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

## **Audit and Governance Committee Report: Counter Fraud Progress Report**

### **Subject of Report**

1. This report provides an update on counter fraud work undertaken so far in 2025/26.

### **Policy Basis**

2. The committee is responsible for the overview and effectiveness of counter fraud arrangements.

### **Recommendation and Reasons**

3. The Audit and Governance Committee is asked to:
  - Note counter fraud activity.

#### Reason

*To enable members to consider the progress of counter fraud work in the current financial year.*

## Background

4. Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being as high as £81 billion in the United Kingdom. Veritau is engaged to deliver a counter fraud service for the council. The service helps mitigate fraud risk, investigates suspected fraud, and takes appropriate action when it is detected.
5. Annex 1 to this report provides an update on work undertaken by the counter fraud team in the current financial year. This includes details of proactive work to raise awareness of fraud issues and help manage fraud risks faced by the council. It also includes the results of investigative work completed by the team.

## Consultation Analysis

6. No consultation was required in the preparation of this report.

## Risks and Mitigations

7. None.

## Contact details

For further information please contact the authors of this Report.

### Author

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<b>Report approved:</b>	Yes
<b>Date:</b>	27/02/26

## Background papers

- 73. Counter Fraud Plan 2025/26

## **Annexes**

- Annex 1: Counter Fraud Progress Report

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# Counter Fraud Progress Report 2025/26

Date: 11 March 2026

ANNEX 1

## CONTENTS

- 3** Background
- 3** Counter Fraud Management
- 4** Multi-Agency Work
- 4** Investigative Work
- 6** Appendix A – Summary of Investigative work



## BACKGROUND

- 1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime<sup>1</sup>. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and only a fraction of this was detected<sup>2</sup>. Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau provides a corporate fraud service to City of York Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team also plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the council's counter fraud framework and associated policies.
- 4 The purpose of this report is to update the Committee on counter fraud activity in 2025/26.



## COUNTER FRAUD MANAGEMENT

- 5 In December, Veritau and the Parking Department undertook an unannounced day of action against blue badge fraud in the city. Increased footfall in the city during the winter months can reduce the availability of disabled bays on roads and car parks in the city centre. Misuse of blue badges puts additional pressure on disabled residents and visitors during this time. On the day 123 badges were checked by counter fraud and parking officers. Two instances of potential misuse were identified for further investigation. Two people have been successfully prosecuted for blue badge misuse during the current financial year. One person was found to be using a relative's blue badge while claiming it was their own. The second person was found to be using a badge issued by another local authority, but it had been reported as being stolen. Both prosecutions were publicised to provide a deterrent to blue badge misuse in the city<sup>3</sup>.
- 6 The counter fraud team actively works to raise employees' awareness of the different fraud risks affecting the council. In November, during International Fraud Awareness Week, the counter fraud team highlighted the threat to councils from polygamous working. There have been several recent high-profile cases where council workers have been found to be

<sup>1</sup> [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

<sup>2</sup> [An overview of the impact of fraud and error on public funds](#), National Audit Office

<sup>3</sup> <https://www.york.gov.uk/news/article/1831/magistrates-fine-two-drivers-who-misused-others-blue-badges>

working for multiple councils at the same time and not informing their employers. In August, a man from Gloucestershire was found guilty of fraud in relation to working four full-time roles with or for local authorities. He was found to have received £236k in salary and benefits that he was not entitled to and was sentenced to three years in jail.

- 7 On International Anti-Corruption Day in December, a new offence, Failure to Prevent Fraud, was highlighted to all employees. Introduced as part of the Economic Crime and Corporate Transparency Act 2023, large organisations can be found to be guilty of the offence if an employee, contractor, or supplier delivering services commits a fraud offence that benefits the organisation. Raising awareness of this new legislation and the threat of fraud within the council is a recommendation of government guidance for the new legislation.
- 8 This year bespoke training has also been provided to the following teams:
  - Procurement
  - Community duty
  - Intensive support
  - Hospital discharge
  - Adult safeguarding
  - Housing management
  - Creditors
  - Human resources
- 9 Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). When Veritau identifies threats that could affect other local authorities, then a threat report is made so all NAFN members are aware. Recent alerts from NAFN have included details of a worker found to be working for multiple councils, someone contacting councils and pretending to be from the ICO, and fraudsters pretending to make a generous bequest, ie a grand piano, to a school in order to trick them into making payments for its delivery.



## MULTI-AGENCY WORK

- 10 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The results of the 2024/25 data matching exercise (9,000 data matches) are still in the process of being reviewed by the counter fraud team and other services across the council.



## INVESTIGATIVE WORK

- 11 Between 1 April and 31 January 2026, the counter fraud team logged 235 referrals of suspected fraud. Seventy-six investigations have been completed and there are currently 80 cases ongoing. Two people have been prosecuted for blue badge offences. Four people have accepted formal

cautions in lieu of prosecution. Two council houses have been recovered after they were found to have been sublet. Seven internal investigations have been completed. Four resident parking permits have been removed from people for misuse. Two applications to the York Financial Assistance Scheme have been blocked. Fourteen people have received formal warnings. Invoices for loss to the council totalling £71k have been issued in a further nine cases.

- 12 The team has completed 12 verification checks on applications for Right to Buy and school placements. Twenty-six compliance checks have been completed, resulting in £3,100 in savings to date.
- 13 Counter fraud savings<sup>4</sup> are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date, £203k of counter fraud savings have been identified.
- 14 A summary of investigative work can be found in appendix A, below.

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<sup>4</sup> Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year), the value of applications that would have been successful, eg Right to Buy or Financial Assistance, and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

## APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2025/26

The tables below summarise the results of investigative work to date.

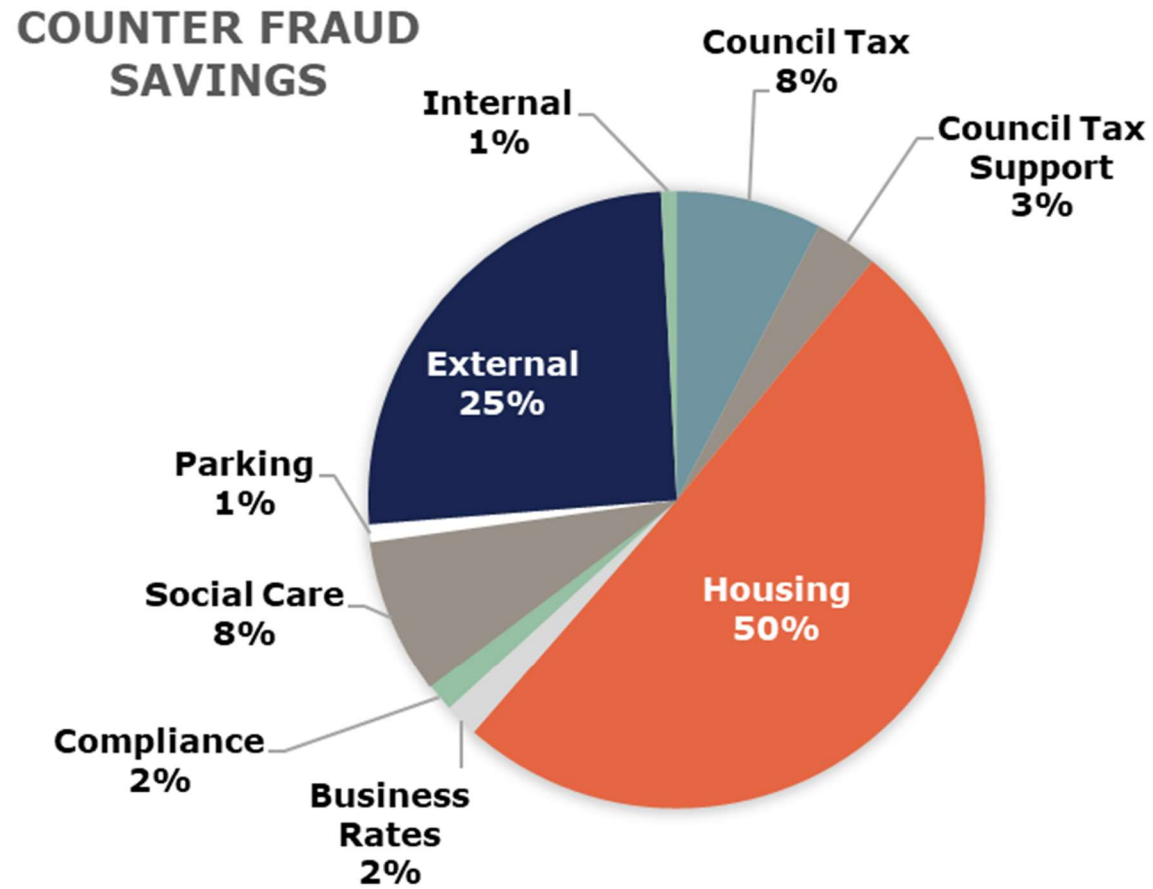
	<b>2025/26 (As at 31/01/26)</b>	<b>2025/26 (Target: Full Yr)</b>	<b>2024/25 (Actual: Full Yr)</b>
Amount of counter fraud savings (quantifiable savings, eg repayment and prevention of loss) identified through fraud investigation	£202,864	£200,000	£244,639
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	59%	30%	48%

	<b>2025/26 (As at 31/01/26)</b>	<b>2024/25 (Full Year)</b>
Referrals received	235	428
Number of cases under investigation	80	84 <sup>5</sup>
Number of investigations completed	76	119
Number of compliance checks completed	26	14
Number of verifications completed <sup>6</sup>	12	124

<sup>5</sup> As at the end of the financial year (ie 31/03/2025)

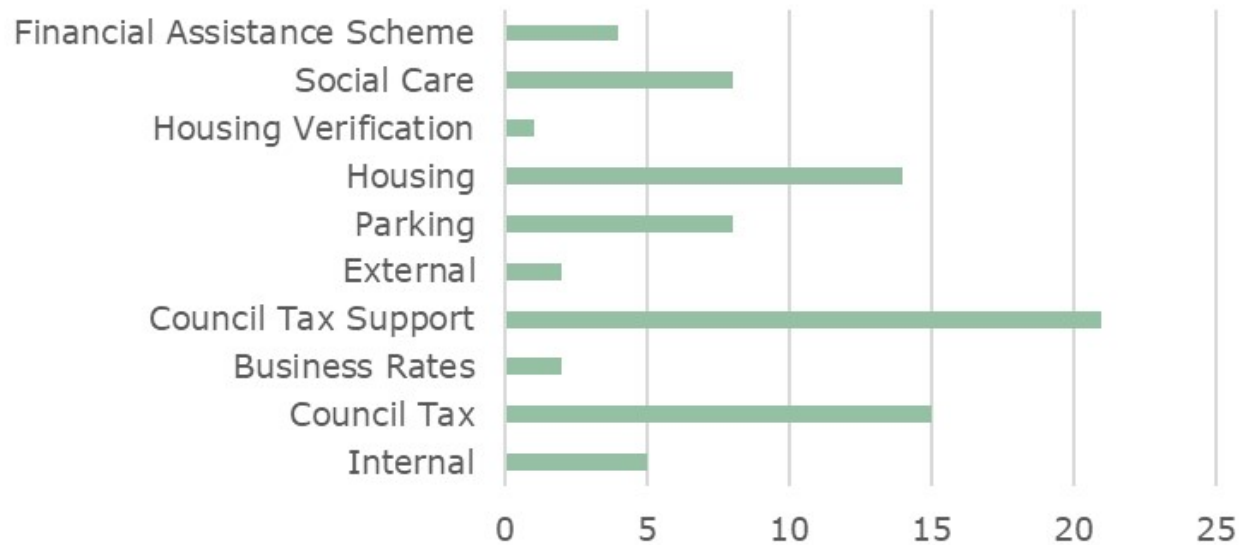
<sup>6</sup> Verification cases are reviews of applications for Right to Buy and school placements.

The chart below shows a breakdown of the counter fraud savings identified this year (£203k) by area of fraud.



The following chart shows the proportion of different case types under investigation (80) as at 31 January 2026.

## CASES UNDER INVESTIGATION



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> <li>• <b>Housing fraud</b> – Fifteen housing fraud investigations have been completed. Two council properties have been recovered and been allocated to families on the housing waiting list. One Right to Buy application has been blocked. There are fifteen ongoing investigations.</li> <li>• <b>Adult Social Care fraud</b> – The team has completed five investigations in this area and eight are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigation work this year has identified £60k of loss to the council.</li> <li>• <b>Internal fraud</b> – Seven internal fraud investigations have been completed in 2025/26 and there are five cases ongoing.</li> <li>• <b>Council Tax and business rates fraud</b> – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Thirteen investigations have been completed and 17 are ongoing.</li> <li>• <b>Parking fraud</b> – Parking fraud often relates to blue badge abuse, however the team also investigates the misuse of residential parking permits by landlords of holiday lets. Twenty investigations have been completed – 15 relating to blue badges, four to parking permits, and one to a bus pass. Two people have been prosecuted for blue badge fraud. Four people accepted formal cautions in lieu of prosecution and six have received formal warnings about their conduct. Four residents parking permits have been removed from people as they were being used commercially, eg guest houses and holiday lets.</li> </ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"> <li>• <b>External (or third-party) fraud</b> – Fraud in this area relates to financial scams perpetrated against the council, eg grant and mandate fraud. Seven investigations have been completed and one is ongoing.</li> <li>• <b>Council Tax Support fraud</b> – Two Council Tax Support (CTS) cases have been completed and there are 21 under investigation. Fraud in this area can occur when claimants provide false information when they apply for support or if they fail to declare changes to their income or assets. One person has been issued a warning, and an overpayment has been generated in a second case.</li> <li>• <b>York Financial Assistance Scheme fraud</b> – The YFAS scheme provides help to residents who are facing financial difficulties or emergency situations. Fraudulent applications can be made by people misrepresenting their circumstances and/or residency. Two investigations have been completed to date, and four cases are under investigation.</li> </ul>



<b>Meeting:</b>	Audit and Governance Committee
<b>Meeting date:</b>	06/05/2026
<b>Report of:</b>	Head of Internal Audit (Veritau)
<b>Portfolio of:</b>	Cllrs Lomas and Baxter Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

## **Audit and Governance Committee Report: 2026/27 Counter Fraud Plan**

### **Subject of Report**

1. This report sets out counter fraud work planned for 2026/27. It contains an updated fraud risk assessment, an assessment of counter fraud work at the council against national counter fraud good practice, and an annual counter fraud development plan and work plan.

### **Policy Basis**

2. The committee is responsible for the overview and effectiveness of counter fraud arrangements.

### **Recommendation and Reasons**

3. The Audit and Governance Committee is asked to:
  - Note the 2026/27 fraud risk assessment
  - Note the counter fraud development and work plans.

### Reason

*To enable members to consider the current risk of fraud against the council, this forms part of the committee's responsibility for overseeing the effectiveness of counter fraud arrangements.*

## **Background**

4. Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being as high as £81 billion in the United Kingdom. Veritau are engaged to deliver a counter fraud service for the council. The service helps mitigate fraud risk, investigate suspected fraud, and to take appropriate action when it is detected.
5. The council can reduce the impact of fraud by managing fraud risk through robust policy and procedures. It is considered best practice to regularly review fraud risk and strengthen counter fraud arrangements to meet it.
6. The 2026/27 Counter Fraud Plan, contained in Annex 1, updates the council's fraud risk assessment, evaluates the counter fraud policy framework, and sets priorities for the development of counter fraud work in the coming financial year.

## **Consultation Analysis**

7. No consultation was required in the preparation of this report.

## **Risks and Mitigations**

8. The risk of fraud is constantly evolving. If fraud risk is not regularly reviewed and action is not taken to address it, then the council's exposure to fraud will increase as will potential losses.

## **Contact details**

For further information please contact the authors of this Report.

## Author

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<b>Report approved:</b>	Yes
<b>Date:</b>	27/02/26

## Background papers

- None

## Annexes

- Annex 1: 2026-27 Counter Fraud Plan

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# 2026/27 Counter Fraud Plan

Date: 11 March 2026

ANNEX 1

## CONTENTS

<b>3</b>	Background
<b>3</b>	National Counter Fraud Strategy
<b>5</b>	Fraud Risk Assessment
<b>6</b>	Development and Work Plans
<b>6</b>	Policy Framework Review
<b>7</b>	Appendix A: Fraud risk assessment
<b>19</b>	Appendix B: Counter Fraud Development Plan
<b>21</b>	Appendix C: Counter Fraud Work Plan



## BACKGROUND

- 1 Fraud continues to be a significant and growing risk to the public sector. Fraud offences account for 41% of all crime reported in the UK<sup>1</sup>. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction was detected and recovered<sup>2</sup>. These losses directly reduce councils' ability to fund essential public services and can cause reputational damage.
- 2 When fraud is committed against the public sector, money is diverted from vital public services into the hands of criminals. Local authorities must ensure that they have the right policies and procedures in place to prevent it from happening. It is important to promote a strong anti-fraud culture at all levels of the organisation as well as amongst the public.
- 3 Criminals are constantly improving their techniques and using new tools to defraud local authorities and other public sector bodies. To respond effectively, councils need to monitor the fraud landscape to ensure that their counter fraud measures offer protection from these evolving threats.
- 4 This report sets out the council's approach to addressing fraud, reviews its counter fraud policy framework, updates the annual fraud risk assessment, details new and ongoing developmental activity, and sets out how counter fraud resources will be used in 2026/27.



## NATIONAL COUNTER FRAUD STRATEGY

- 5 CIPFA sets out the responsibilities of Local Authority leaders to counter fraud and corruption within their organisations in its code of practice on managing the risk of fraud and corruption<sup>3</sup>. The code says that organisations should:
  - acknowledge their responsibility for countering fraud and corruption
  - identify the fraud and corruption risks
  - develop an appropriate counter fraud and corruption strategy
  - provide resources to implement the strategy
  - take action in response to cases of fraud and corruption.
- 6 More recently Fighting Fraud and Corruption Locally (FFCL) published the most current counter fraud and corruption strategy for local government<sup>4</sup>. City of York Council follows the principles set out by CIPFA and FFCL to guide and develop its response to fraud.
- 7 The FFCL strategy recommends that councils consider the effectiveness of their counter fraud framework by considering performance against the five key themes set out below.

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<sup>1</sup> [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

<sup>2</sup> [An overview of the impact of fraud and error on public funds](#), National Audit Office

<sup>3</sup> [Code of practice on managing the risk of fraud and corruption](#), CIPFA

<sup>4</sup> [A strategy for the 2020s](#), Fighting Fraud and Corruption Locally

- **Govern** – *Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.*

The council maintains a robust and regularly reviewed anti-fraud policy framework, supported by ongoing communication and reminders to staff. Counter-fraud activity is reported to both members and senior officers throughout the year. City of York Council has an employee code of conduct that sets clear expectations of honesty and integrity for all officers. The council maintains an up to date whistleblowing policy. Veritau provides whistleblowing support to employees and managers, logs all referrals, operates a whistleblowing hotline, publicises the policy, and delivers training. The counter fraud policy and counter fraud prosecution policy guide how fraud is investigated at the council and how cases are concluded when fraud is proven to have occurred.

- **Acknowledge** – *Acknowledging and understanding fraud risks and committing support and resources to tackling fraud in order to maintain a robust anti-fraud response.*

City of York Council is aware that it is regularly targeted by fraudsters across different service areas. An annual fraud risk assessment is produced and presented to members. The assessment draws on national fraud trends, intelligence from cases reported to and investigated by the counter fraud team, and the insights of senior officers who understand the risks within their service areas. Each year, targeted development activity is planned in response to the assessed risks, emerging issues, and ongoing evaluation of the council's arrangements against recognised good practice guidance.

- **Prevent** – *Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.*

Fraud prevention is embedded in the work of both the counter fraud and internal audit teams. When investigations highlight opportunities to strengthen controls, these findings are shared with senior officers, and follow-up checks ensure that agreed improvements are implemented. Ongoing investment in specialist training helps counter fraud officers stay current with emerging technologies and techniques. In addition, collaboration with the Communications Team supports the development of a proactive anti-fraud culture across the organisation and within the wider community the council serves.

- **Pursue** – *Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.*

The council takes strong action to hold offenders to account and to recover public funds lost to fraud. All allegations are investigated to criminal standards, and prosecution is considered where appropriate,

alongside a range of alternative sanctions. The council has a constructive partnership with North Yorkshire Police and raises concerns with them where appropriate. The counter fraud team also works closely with the Department for Work and Pensions (DWP) on council tax support fraud, with joint investigations often providing a more efficient and effective response to cases involving both agencies. The council explores every available avenue for financial recovery, including the use of civil remedies. Counter fraud activity has resulted in £202k in savings in 2025/26 (up to the end of January), demonstrating the impact of this work.

- **Protect** – *Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.*

Fraud affects communities across Yorkshire, and residents are just as likely to be targeted as the council itself. The council regularly issues alerts to warn residents about emerging scams and fraudulent activity. The counter fraud team shares intelligence on fraud trends with council colleagues, such as cases identified through national data matching that may indicate residents have been victims of identity theft. Collaboration with neighbouring councils helps identify cross-boundary fraud and strengthens regional intelligence.



## FRAUD RISK ASSESSMENT

- 8 Fraud risks are assessed annually to identify priorities for counter fraud work. The 2026/27 fraud risk assessment, included in appendix A, draws on national and regional intelligence affecting local authorities, as well as cases reported directly to the counter fraud team. Each area is assigned an inherent risk rating, reflecting the level of exposure to fraud if no controls existed, and the residual risk rating indicates the remaining risk when current controls are considered.

The results of the assessment are used to:

- develop or strengthen existing fraud prevention and detection measures
- update the counter fraud policy framework
- focus future audit and counter fraud work.

- 9 By their nature, fraud risks are hard to quantify. There are no established methodologies for determining estimated losses due to fraud in most areas. The terms high, medium, and low are therefore used in the risk assessment to provide a general indication of both the likelihood and impact of fraud in each area.

- 10 The risk assessment has been carried out by Veritau, based on our understanding of fraud risks in the sector and our knowledge of controls in place within the council to prevent, identify and deter fraud. It is used to inform priorities for counter fraud and internal audit work by Veritau. It is separate from the wider council risk management framework, however the views of senior officers within affected service areas are sought.

- 11 The updated assessment includes additional work planned by the internal audit and counter fraud teams, eg introduction and revision of e-learning modules providing training on social care fraud and whistleblowing, support to the council to prevent fraud within the new Crisis and Resilience Fund and help protecting the council from fraud associated with the new Failure to Prevent Fraud offence.
- 12 The fraud risk assessment will be kept under review so that any significant new or emerging risks are addressed.



## COUNTER FRAUD DEVELOPMENT AND WORK PLANS

- 13 The 2026/27 counter fraud development plan is included in appendix B. It sets out development activity for the council and the counter fraud team for the year. These priorities are informed by the fraud risk assessment, policy framework review, and seeks to develop counter fraud work in each of the five themes set out in the FFCL national counter fraud strategy.
- 14 The counter fraud work plan is included in appendix C. The plan sets out the areas of counter fraud work to be undertaken in 2026/27. The time allocation for each area is not defined because it will depend on the levels of suspected fraud reported to the counter fraud team. Reactive investigations (determined by allegations of fraud received) will however account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the counter fraud development plan and fraud risk assessment. A total of 983 days has been allocated to counter fraud work in the new financial year.



## POLICY FRAMEWORK REVIEW

- 15 The council's counter fraud policy framework is reviewed annually. The review considers counter fraud related policies (including the counter fraud and corruption, prosecution, anti-bribery, and whistleblowing policies).
- 16 The review identified that the council's whistleblowing policy requires updating to reflect upcoming changes to whistleblowing legislation due to the Employment Rights Act 2025 as well as a recent employment tribunal decision. No other changes or updates to policies are required currently.

## APPENDIX A: 2025/26 FRAUD RISK ASSESSMENT

Risk area #1	Social care fraud	Inherent risk	High	Residual risk	High
Risk description	<p>Adult social care customers complete a financial assessment with the council to determine any financial contribution they must make towards their care. Losses can occur through deprivation or non-declaration of capital which can involve the transfer or disguise of property to avoid paying for residential or domestic care provision. Residential homes could also continue to claim for customers who are no longer in residence (eg after they pass away). In both adult and children's social care, fraud can occur through the misuse of the Direct Payment scheme. For example, where monies allocated to meet a customer's assessed needs are not used to procure support services. Losses in social care fraud cases can be substantial, especially if they are not detected at an early stage.</p>				
Risk controls	<p>Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated. A range of monitoring and verification controls are operated by the council. This includes requiring customers in receipt of Direct Payments to have a separate bank account for managing these funds and complying with monitoring procedures to verify spending. In instances of misused Direct Payments, customers are moved to a commissioned service. If concerns are raised about the wellbeing of customers, then the council has a multi-agency safeguarding process which can highlight fraud. The residual risk of adult and children's social care fraud is still considered to be high. This is due to the level of spend in this area, the scale of losses, and the speed at which they can be accrued. It is also a reflection of the difficulty all councils have in detecting assets when people are determined to keep them hidden.</p>				
Priorities for internal audit / counter fraud	<p>Veritau has established relationships with senior management and officers responsible for the provision of social care; concerns of fraud are regularly reported to the counter fraud team (CFT) for investigation. Internal audit (IA) periodically conducts audits into Direct Payment process, financial assessments, and commissioning, and contract management. The CFT regularly provides fraud awareness to council</p>				

employees with responsibilities for assessment and payments. Veritau will make an e-learning module on Adult Social Care fraud available for council employees in 2026/27.

Risk area #2	Creditor fraud	Inherent risk	High	Residual risk	High
Risk description	<p>Over the course of several years attempts to commit fraud against the creditor payment systems of public and private sector organisations has increased in terms of volume and sophistication. The mandatory publication of payment data makes councils particularly vulnerable to attack. Attacks are often the work of organised criminal groups who operate from abroad. Individual losses due to fraud can be extremely large (more than £1 million). The likelihood of recovery is low once a fraud has been successfully committed. The most common issue is mandate fraud (payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud include whaling, where senior members of the council are targeted and impersonated to obtain fraudulent payments. There have been increased instances nationally and regionally of hackers gaining direct access to the email accounts of suppliers and using them to attempt to commit mandate fraud. These attempts can be very difficult to detect and prevent.</p>				
Risk controls	<p>The council has strong controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details. Segregation of duties exist between the ordering, invoicing and payments processes. The residual risk of creditor fraud is still considered to be high due to potentially high levels of loss and the frequency of attacks. The council relies on its own employees, and those of its suppliers, to follow processes which prevent this type of fraud from occurring. However good processes can be undermined by human error which is a factor in many successful mandate fraud attacks.</p>				
Priorities for internal audit / counter fraud	<p>Veritau provide support and advice to finance officers responsible for the payment of suppliers. IA regularly perform audits of ordering and creditor payment processes, eg segregation of duties and controls to prevent mandate fraud. An audit is planned for 2026/27 that will evaluate controls designed to prevent mandate fraud. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur. All</p>				

instances of attempted creditor related fraud are reported to the CFT who then report to relevant agencies, such as the National Cyber Security Centre. The CFT regularly shares intelligence alerts relating to attempted fraud occurring nationally with relevant council officers to help prevent losses. As part of any investigation of fraud in this area, the CFT will advise on improvements that can help strengthen controls. Training to officers involved in the management of payments to creditors regularly takes place.

<b>Risk area #3</b>	<b>Cybercrime</b>	<b>Inherent risk</b>	<b>High</b>	<b>Residual risk</b>	<b>High</b>
<b>Risk description</b>	<p>Cybercrime is a continually evolving area where criminals refine their techniques in order to overcome controls, obtain unauthorised access and information, and frustrate systems. In 2025, the government reported that approximately 612,000 UK business and 61,000 charities identified cyber breaches or attacks over a 12 month period. The potential for cybercrime is heightened by the availability of online tools and AI-driven attacks. As cybercrime can be perpetrated remotely, attacks can come from within the UK or overseas. Some cybercrime is motivated by profit, however some is designed purely to disrupt services. Types of cybercrime experienced by local authorities include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data which could impact service delivery. There have been several high-profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or ICT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.</p>				
<b>Risk controls</b>	<p>The council employs highly skilled ICT employees whose expertise is used to help mitigate the threat of cybercrime. The ICT department has processes to review threat levels and controls (eg password requirements for employees) on a routine basis. It carries out weekly automated vulnerability scanning, as well as annual penetration testing performed by an accredited third-party organisation. The ICT department also uses filters to block communications from known fraudulent servers and will encourage employees to raise concerns about any communications they do receive that may be part of an attempt to circumvent cybersecurity controls. Despite strong controls being in place, cybercrime remains a high residual risk for the</p>				

	<p>council. The potential for cybercrime is heightened by the availability of online tools. Council systems could be exposed by yet unknown weaknesses in software. Suppliers of software or IT services could also be compromised which might allow criminals access to council systems believed to be secure. The residual risk of cybercrime remains high due to the constantly evolving methods employed by fraudsters which requires regular review of controls.</p>
<p><b>Priorities for internal audit / counter fraud</b></p>	<p>Cybersecurity is an ongoing priority for IA work and is overseen and delivered by CISA (Certified Information System Auditor) accredited auditors. Planned audits in 2026/27 cover cloud based and 3rd party security, cybersecurity, user awareness, and database &amp; application security. Raising awareness with employees can be crucial in helping to prevent successful cyberattacks. The CFT work with ICT to support activities that raise awareness amongst employees. A campaign to mark cybersecurity awareness month is undertaken annually.</p>

<p><b>Risk area #4</b></p>	<p><b>Council tax and business rate frauds</b></p>	<p>Inherent risk</p>	<p>High</p>	<p>Residual risk</p>	<p>Medium</p>
<p><b>Risk description</b></p>	<p>Council tax discount fraud can be a common occurrence. CIFAS conducted a survey in 2022 in which 10% of UK adults said they knew someone who had recently committed single person discount fraud. In addition, 8% of people thought falsely claiming a single person discount was a reasonable thing to do. Individual cases of fraud in this area are of relatively low value but cumulatively can represent a large loss to the council. Business rates fraud involves people falsely claiming discounts that a business is not entitled to, eg small business rate relief. Reports of business rate fraud are less common than council tax fraud but can lead to higher losses in individual cases.</p>				
<p><b>Risk controls</b></p>	<p>The council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information be provided on application forms and undertaking visits to properties where needed to verify information. The council routinely takes part in the National Fraud Initiative (NFI). The exercise allows councils to cross check for potential instances of fraud in multiple locations (eg multiple claims for single person discount by one individual). The council regularly undertakes additional data matching exercises designed to identify where multiple people are living in a property, but a single person</p>				

	discount is being claimed. The CFT provide a deterrent to fraud in this area through the investigation of potential offences which can, in serious cases, lead to prosecution.
<b>Priorities for internal audit / counter fraud</b>	Council tax and business rates are one of the council’s key financial systems and as such are routinely examined by IA – an audit is planned in 2026/27. The CFT operate a compliance scheme which ensures that low-value fraud in this area that would not normally warrant a criminal investigation is addressed through contact with the public.

<b>Risk area #5</b>	<b>Council tax support fraud</b>	<b>Inherent risk</b>	<b>High</b>	<b>Residual risk</b>	<b>Medium</b>
<b>Risk description</b>	Council Tax Support (CTS) is a council funded reduction in liability for council tax. It is resourced through council funds. Fraud and error in this area is of relatively low value on a case-by-case basis but cumulatively fraud in this area could amount to a substantial loss. CTS fraud can involve applicants failing to correctly declare their assets, income, or household composition. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support. Most CTS claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP).				
<b>Risk controls</b>	The council undertakes eligibility checks on those who apply for support. Officers manage the assessment of new and ongoing claims for CTS to identify potential issues. The DWP use data from HMRC on claimants’ incomes which is then passed through to council systems which mitigates the risk of claimants not updating the council with income details. There are established lines of communication with the DWP where claims for support are linked to externally funded benefits. The council routinely takes part in the National Fraud Initiative (NFI) which highlights potentially fraudulent claims. The CFT provide a deterrent to fraud in this area through the investigation of potential offences which can, in serious cases, lead to prosecution. The CFT jointly works with the DWP to investigate fraud when it affects both organisations. This can help achieve better results for the council where state benefits are involved. If fraud cannot be addressed by the council directly it will be reported to the DWP.				

Priorities for internal audit / counter fraud	The CFT will continue to raise awareness of fraud with teams involved in processing claims for CTS as well as seeking opportunities to raise awareness with the public about the mechanisms for reporting fraud. IA have a planned audit in this area for 2026/27.
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<b>Risk area #6</b>	<b>Housing related fraud</b>	<b>Inherent risk</b>	<b>High</b>	<b>Residual risk</b>	<b>Medium</b>
<b>Risk description</b>	Council properties represent a significant asset to the council. Housing fraud can deprive the council of these assets through false applications for Right to Buy. Tenants who sublet or falsely obtain council properties remove a property from a person or family in true need of housing and can negatively affect the council financially when people are in temporary accommodation and are waiting for a suitable property to become available.				
<b>Risk controls</b>	The council has strong controls in place to prevent false applications for housing. The housing department engages with tenants regularly to ensure properties are not being misused. Eligibility checks are made before council owned properties are let. The CFT work with council colleagues to conduct checks, eg identity and money laundering, on all applications for Right to Buy. The CFT provide a deterrent to fraud in this area through the investigation of any suspected subletting of council properties using powers under the Prevention of Social Housing Fraud Act. Offenders face criminal prosecution and repossession of their council properties.				
<b>Priorities for internal audit / counter fraud</b>	The CFT will continue to raise awareness of fraud with teams involved in applications for council housing and the management of housing stock. The investigation of reports of the subletting of council properties are treated as a priority.				

<b>Risk area #7</b>	<b>Procurement fraud</b>	<b>Inherent risk</b>	<b>High</b>	<b>Residual risk</b>	<b>Medium</b>
<b>Risk description</b>	<p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. Businesses that collude to stifle competition and fix or inflate prices are referred to as a cartel. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more. Procurement fraud can also take the form of mischarging, undertaking substandard work, and diverting goods or services. In 2020 CIPFA reported losses of £1.5m for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.</p>				
<b>Risk controls</b>	<p>The council has established Contract Procedure Rules. The rules are reviewed regularly and require a competitive process for significant procurements through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly. The Contract Procedure Rules also set out the requirements for declarations of interests to be made. Contract monitoring helps to detect and deter potential fraud.</p>				
<b>Priorities for internal audit / counter fraud</b>	<p>Continued vigilance by relevant employees is key to identifying and tackling procurement fraud. IA and the CFT monitor and share guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies. In 2026/27 IA will audit the council's compliance with new procurement legislation introduced last year as well as contract management processes. The CFT provides regular training to the procurement team.</p>				

Risk area #8	Internal fraud	Inherent risk	Medium	Residual risk	Medium
Risk description	<p>Fraud committed by employees is a risk to all organisations. Internal fraud within councils occurs infrequently and usually results in low levels of loss. However, if fraud or corruption occurred at a senior level there is the potential for a greater level of financial loss and reputational damage to the council. There are a range of potential employee frauds including theft, corruption, falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on council time. Some employees have access to equipment and material that may be misused for private purposes. Payroll related fraud can involve the setting up of 'ghost' employees to obtain salary payments. A new criminal offence came into force in 2025, Failure to Prevent Fraud, which holds large organisations like the council accountable for fraud committed by employees, contractors, suppliers that is designed to benefit the council.</p>				
Risk controls	<p>The council has up to date whistleblowing, counter fraud policies, and anti-bribery policies. Campaigns are held annually to promote the policies and to remind staff how to report any concerns. Veritau provide e-learning training on whistleblowing to council employees and managers. The council has checks and balances in place to prevent individual members of staff being able to circumvent financial controls, eg deviation reports are produced and checked for expense claims that can highlight potential issues with claims, segregation of duties are applied in council processes. Management controls are also in place surrounding flexitime, annual leave and sickness absence.</p>				
Priorities for internal audit / counter fraud	<p>Veritau regularly liaises with senior management on internal fraud issues. Instances of internal fraud are analysed by both IA and CFT to determine if control weaknesses exist and can be addressed. The CFT provides training to all staff on whistleblowing and how to report concerns. Any suspicion of fraud or corruption is treated as a priority investigation. Where appropriate IA and CFT work together to investigate suspected fraud. Serious cases of fraud will be reported to the police. Disciplinary action taken by the council relating to internal fraud issues is often supported by the CFT. IA undertake work to ensure that appropriate checks and balances are in place to help prevent and detect internal fraud and corruption. Veritau is raising awareness of Failure to Prevent Fraud and training is being provided to employees.</p>				

Risk area #9	Recruitment fraud	Inherent risk	Medium	Residual risk	Medium
<b>Risk description</b>	<p>Recruitment fraud can affect all organisations. Applicants can provide false or misleading information to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK. There is danger for the council if recruitment fraud leads to the wrong people occupying positions of trust and responsibility or not having the appropriate professional accreditation for their post. In addition, there have been reports nationally of 'polygamous working' fraud, where an employee, usually in a temporary position, works for several different organisations at the same time.</p>				
<b>Risk controls</b>	<p>The council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken for certain roles as necessary. Additional checks are made on applications for roles involving children and vulnerable adults. References are taken from previous employers and there are processes to ensure qualifications provided are genuine. Right to work checks are completed in line with statutory guidance. The National Fraud Initiative undertakes payroll data matches to identify employees who are working for multiple organisations at the same time.</p>				
<b>Priorities for internal audit / counter fraud</b>	<p>Where there is a suspicion that someone has provided false information to gain employment, CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken. Applicants making false claims about their right to work in the UK or holding professional accreditations will be reported to the relevant agency or professional body, where appropriate. The CFT routinely share details of identities found to be used in polygamous working with HR to prevent and detect potential issues. IA reviewed council recruitment and selection processes in 2025/26 and gave them reasonable assurance.</p>				

<b>Risk area #10</b>	<b>Theft of assets</b>	<b>Inherent risk</b>	<b>Medium</b>	<b>Residual risk</b>	<b>Low</b>
<b>Risk description</b>	The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The council own a large amount of portable, desirable physical assets such as ICT equipment, vehicles, and tools that are at higher risk of theft.				
<b>Risk controls</b>	Specific registers of physical assets (eg capital items, property, and ICT equipment) are maintained. The council operates CCTV systems covering key premises and locations where high value items are stored. Entrances to council buildings are regulated and controlled via different access methods. The council employs a specialist security team to safeguard its premises, employees, and assets. The security team respond to incidents of theft through increased patrols and recommending improvements to processes. The council's whistleblowing arrangements provide an outlet for reporting concerns of theft. Thefts are reported to the police and Veritau.				
<b>Priorities for internal audit / counter fraud</b>	Instances of theft will be investigated by CFT where appropriate. IA have a planned audit looking into security arrangements at West Offices and Hazel Court.				

<b>Risk area #11</b>	<b>Treasury management</b>	<b>Inherent risk</b>	<b>Medium</b>	<b>Residual risk</b>	<b>Low</b>
<b>Risk description</b>	Treasury Management involves the management and safeguarding of the council's cash flow, its banking, and money market and capital market transactions. The impact of fraud in this area could be significant.				

<b>Risk controls</b>	Treasury Management systems are subject to a range of internal controls, legislation, and codes of practice which protect council funds. Only pre-approved employees can undertake transactions in this area and they work within pre-set limits.
<b>Priorities for internal audit / counter fraud</b>	IA conduct periodic work in this area to ensure controls are strong and fit for purpose.

<b>Risk area #12</b>	<b>Grant schemes</b>	<b>Inherent risk</b>	<b>Medium</b>	<b>Residual risk</b>	<b>Low</b>
<b>Risk description</b>	The council takes on the responsibility for disbursing government funded grant schemes to residents, businesses, and other organisations. Fraud in this area can include applicants supplying incorrect information to obtain grant payments or grant funded works (for example where grant funds are paid to a third-party supplier). Suppliers undertaking work may overcharge or not complete work to agreed standards. The council can become liable for recovery of any incorrectly paid government funding. This can create a loss to the council and may affect access to future grant schemes.				
<b>Risk controls</b>	The council will complete any required fraud management plan which will consider fraud risks, and mechanisms for preventing and detecting fraud. When awarding payments or agreeing works, the council (or their contractor) will complete checks to confirm applicants' eligibility.				
<b>Priorities for internal audit / counter fraud</b>	The CFT and IA support the development of fraud management plans, and associated controls, where required. CFT will undertake investigation in cases of suspected fraud. IA regularly undertake certification work on grant funded schemes. A new scheme, the Crisis and Resilience Fund, will be introduced in April 2026. Veritau will support the council to prevent fraud against the scheme and protect funds meant for vulnerable people.				

<b>Risk area #13</b>	<b>Blue badge &amp; parking fraud</b>	<b>Inherent risk</b>	<b>Low</b>	<b>Residual risk</b>	<b>Low</b>
<b>Risk description</b>	<p>Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the council if abuse of this scheme is not addressed. Other types of parking fraud also occur, including the misuse of residential parking permits by the owners of short term holiday lets to avoid commercial parking charges. Electronic payments by members of the public for use of council car parks can be diverted by criminals using false QR codes.</p>				
<b>Risk controls</b>	<p>Measures are in place to control the issue of blue badges, to ensure that only eligible applicants receive badges. Checks are made to ensure that commercial businesses don't inappropriately access residential parking permits. The council participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse. The CFT and Parking Enforcement work closely together to identify, deter and investigate parking fraud. Proactive days of action are undertaken by both teams to raise awareness and act as a deterrent to blue badge misuse. Warnings are issued to people who misuse parking permits and blue badges. Serious cases of both types of fraud are considered for prosecution. Council car parks are monitored to detect and deter efforts to divert electronic payments.</p>				
<b>Priorities for internal audit / counter fraud</b>	<p>The CFT routinely investigate fraud in this area as well as undertaking days of action to combat blue badge fraud. The team will work with the parking department to investigate and stop the use of false QR codes in council car parks to divert payments. IA plan to audit the application process and consider eligibility policies in 2026/27.</p>				

## APPENDIX B: COUNTER FRAUD DEVELOPMENT PLAN

Veritau is responsible for maintaining, reviewing, and strengthening counter fraud arrangements at the council. An annual review of priorities for the future development of counter fraud arrangements is therefore undertaken. Actions to be taken over the next year are set out below.

In addition to the specific areas set out in the table below, ongoing activity will continue in other areas that contribute to the council's arrangements for countering the risk of fraud, including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any other emerging issues
- regular reporting of internal audit and counter fraud activity to the Audit and Governance Committee.

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
1	Update the council's whistleblowing policy	Governing	May 2026	Veritau / Human Resources	The council's whistleblowing policy will be revised to reflect changes in the law. E-learning material will also be updated to reflect this.
2	Review and maintain the council's fraud risk assessment	Acknowledging	Ongoing	Veritau	Ensure the council is made aware of new threats and respond to emerging risk like the new Failure to Prevent Fraud offence.
3	Raising awareness of adult social care fraud amongst employees	Preventing	Ongoing	Veritau	In 2026/27 Veritau will introduce an e-learning module on adult social care and make it available to employees working in the area.
4	Support service areas in collation and submission of	Pursuing	November 2026	Veritau / Council Departments	Veritau will receive data from a range of council departments, cleanse data to meet NFI specifications, and

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
	data for the 2026/27 National Fraud Initiative				securely upload it. Privacy notices will also be reviewed to ensure compliance with data sharing regulations.
5	Support the council to introduce the new Crisis and Resilience Fund	Protect	Ongoing	Veritau	Helping prevent fraud in this new scheme will protect funds meant to support the public in times of crisis.
6	Continue active engagement with neighbouring bodies and local authorities.	Protect	Ongoing	Veritau	<p>Fraud can occur across council boundaries. CFT chair and are active members of regional professional networks in Yorkshire and the North East. These forums bring together fraud officers, internal auditors, and housing associations.</p> <p>Identifying opportunities to share information and joint working can help to detect and deter fraud.</p>

## APPENDIX C: COUNTER FRAUD WORK PLAN

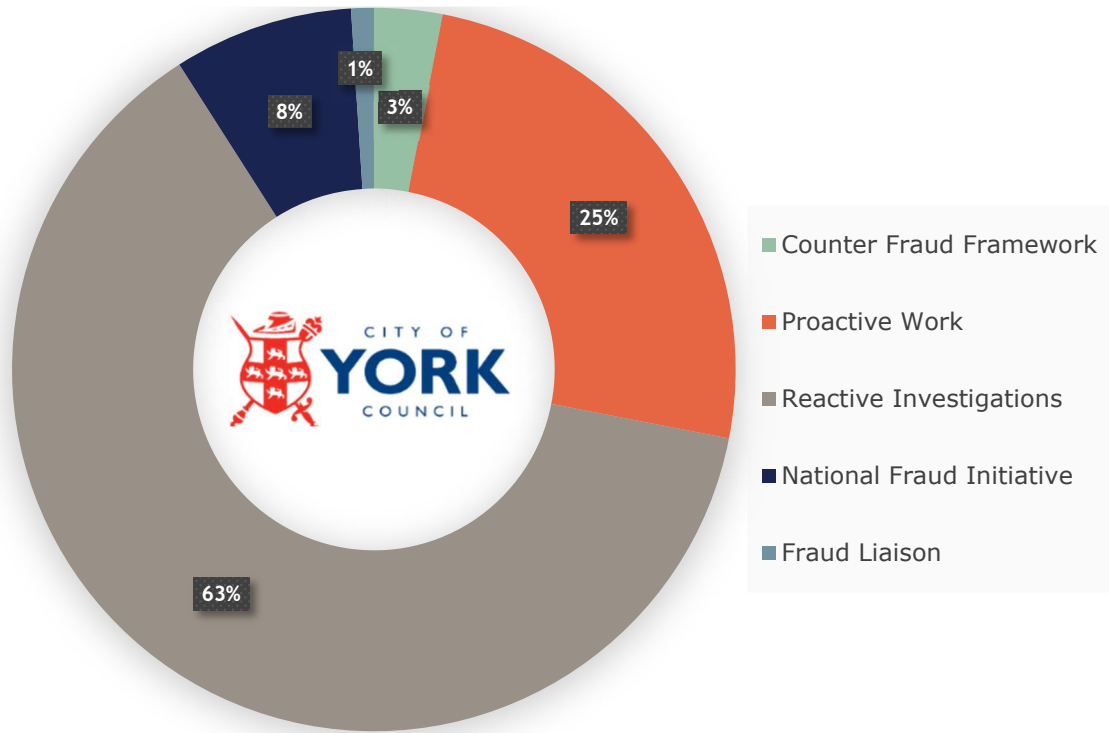
- 1 Veritau undertakes counter fraud work on behalf of City of York Council. This document summarises expected counter fraud activity for 2026/27.
- 2 A large part of the work of the team involves undertaking reactive investigations. The level of investigations is driven by referrals received from officers and the public about suspected fraud. Other work will be undertaken in accordance with priorities determined by the Fraud Risk Assessment and Counter Fraud Development Plan. A high-level summary of areas of counter fraud work are shown in table 1 below.

*Table 1: Counter fraud work programme*

Programme area	Purpose
▲ <b>Counter Fraud Framework</b>	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and support to the council with maintenance of the counter fraud framework. Updates on significant fraud trends and counter fraud activities will be provided to the Audit and Governance Committee during the year.
▲ <b>Proactive Work</b>	This includes: <ul style="list-style-type: none"> <li>• raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues</li> <li>• targeted proactive counter fraud work - for example through local and regional data matching exercises</li> <li>• support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.</li> </ul>
▲ <b>Reactive Investigations</b>	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
▲ <b>National Fraud Initiative</b>	Coordinating submission of data to the Public Sector Fraud Authority for the National Fraud Initiative (NFI) data matching programme and investigation of subsequent matches.
▲ <b>Fraud Liaison</b>	Acting as a single point of contact for the Department for Work and Pensions, to provide data to support housing benefit investigations.

- 3 The overall level of service is based on an indicative number of days for planning purposes (983 for 2025/26). Figure 1 below shows the proportion of time we expect to deliver across each area during the year.

Figure 1: Indicative split of counter fraud work



- 4 The split of activities shown in the figure above are not fixed. Actual work will depend on the level of suspected fraud referred to the team. We will also keep priorities for proactive and other counter fraud work under review, to ensure counter fraud resources continue to be used in the areas of greatest value to the council.

## Audit & Governance Committee – work plan

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Theme	Item	Lead officers	Scope
<b>6<sup>th</sup> May 2026</b>			
<b>Veritau (internal audit / counter fraud)</b>	Counter Fraud Progress Report 2025/26	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
<b>Veritau (internal audit / counter fraud)</b>	Internal Audit Progress Report 2025/26	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
<b>Veritau (internal audit / counter fraud)</b>	Counter Fraud Plan 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
<b>Governance</b>	Code of Conduct	<u>CYC</u> <u>Bryn Roberts</u>	
<b>1<sup>st</sup> July 2026</b>			
<b>Risk</b>	Key Corporate Risk Monitor 1	<u>CYC</u> <u>David Walker</u>	
<b>Finance</b>	Treasury Management 2025/26 Outturn	<u>CYC</u> <u>Debbie Mitchell</u>	

<b>Finance</b>	2025/26 statement of accounts - draft	<u>CYC</u> <u>Debbie Mitchell</u>	
<b>Finance</b>	External Audit Fees	<u>CYC</u> <u>Debbie Mitchell</u>	Finance
<b>External Audit</b>	Audit Strategy Memorandum 2025/26	<u>Mazars</u> <u>Mark Outterside</u>	
<b>Veritau (internal audit / counter fraud)</b>	Internal Audit Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
<b>Veritau (internal audit / counter fraud)</b>	Counter Fraud Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
<b>Governance</b>	Information Governance Performance Report	<u>CYC</u> <u>Lorraine Lunt</u>	
<b>Governance</b>	Annual A&G report to Council	<u>CYC</u> <u>Bryn Roberts</u>	
<b>16<sup>th</sup> September 2026</b>			
<b>Finance</b>	Treasury Management 2026/27 Quarter 1	<u>CYC</u> <u>Debbie Mitchell</u>	
<b>Risk</b>	Major Projects Internal Audit Action Plan Progress update	<u>CYC</u> <u>Garry Taylor</u>	
<b>4<sup>th</sup> November 2026</b>			

<b>Governance</b>	Information Governance Performance Report	<u>CYC</u> <u>Eilidh Carricker</u>	
<b>Risk</b>	Key Corporate Risk Monitor 2	<u>CYC</u> <u>David Walker</u>	
<b>Finance</b>	Treasury Management 2026/27 Quarter 2	<u>CYC</u> <u>Debbie Mitchell</u>	
<b>Veritau (internal audit / counter fraud)</b>	Internal Audit Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
<b>Veritau (internal audit / counter fraud)</b>	Counter Fraud Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
<b>Risk</b>	Key Corporate Risk Monitor 3	<u>CYC</u> <u>David Walker</u>	
<b>Finance</b>	Treasury Management 2026/27 Quarter 2	<u>Debbie Mitchell</u>	
<b>Finance</b>	2025/26 statement of accounts – final	<u>CYC</u> <u>Debbie Mitchell</u>	
<b>27<sup>th</sup> January 2027</b>			
<b>Veritau (internal audit)</b>	Internal Audit Work Programme Consultation Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
<b>3<sup>rd</sup> March 2027</b>			
<b>Risk</b>	Key Corporate Risk Monitor 4	<u>CYC</u> <u>David Walker</u>	

<b>Veritau (internal audit / counter fraud)</b>	Internal Audit Work Programme 2027/28	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
<b>Veritau (internal audit / counter fraud)</b>	Counter Fraud Plan 2027/28	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
<b>Veritau (internal audit / counter fraud)</b>	Counter Fraud Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
<b>Veritau (internal audit / counter fraud)</b>	Internal Audit Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	

DRAFT



<b>Meeting:</b>	Audit and Governance Committee
<b>Meeting date:</b>	06/05/2026
<b>Report of:</b>	Head of Internal Audit (Veritau)
<b>Portfolio of:</b>	Cllr Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

## **Audit and Governance Committee Report: Internal Audit Progress Report 2025/26**

### **Subject of Report**

1. This report provides an update on the delivery of the internal audit work programme for 2025/26, and plans for delivery over the remainder of the year.

### **Policy Basis**

2. The work of internal audit in local government is governed by the Global Internal Audit Standards in the UK Public Sector. This regime, which came into effect on 1 April 2025, is made up of the Institute of Internal Auditors' Global Internal Audit Standards (including Topical Requirements), and the Application Note: Global Internal Audit Standards in the UK Public Sector.
3. In accordance with these standards, periodic reports on internal audit work are presented to the Audit and Governance Committee.

### **Recommendation and Reasons**

4. The Audit and Governance Committee is asked to:

- Note the progress made in delivering the 2025/26 internal audit work programme, and plans for delivery over the remainder of the year

### Reason

*To enable members to consider the implications of internal audit findings, and to review planned activity for the remainder of 2025/26.*

## **Background**

5. The 2025/26 internal audit work programme was approved by the Audit and Governance Committee at its meeting on 17 March 2025.
6. To conform with professional standards, and the council's audit charter, the Head of Internal Audit must report periodically to the committee on the progress made against the internal audit work programme, and on the results of audit activities undertaken.
7. Annex 1 to this report provides an update on progress made in delivering the internal audit work programme. This includes a summary of completed work, work currently in progress, and work no longer programmed for 2025/26 but currently prioritised for delivery in 2026/27. It also reports on outcomes from the follow-up of actions agreed in previous audit reports.

## **Consultation Analysis**

8. Senior council officers and this committee were consulted during the development of the 2025/26 work programme on which this progress report is based. However, no consultation was required in the preparation of this report.

## **Risks and Mitigations**

9. The council will not comply with proper practice for internal audit if the results of internal audit work are not reported to senior

management and the Audit and Governance Committee. This could result in external scrutiny and challenge.

## Contact details

For further information please contact the authors of this Report.

### Author

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<b>Report approved:</b>	Yes
<b>Date:</b>	27/01/2026

### Background papers

- 72. Internal Audit Work Programme

### Annexes

- Annex 1: Internal audit progress report 2025/26
- Exempt annex 2: ICT disaster recovery
- Exempt annex 3: Follow-up audit – risk management
- Exempt annex 4: School themed audit: governance
- Exempt annex 5: Service and role-specific training
- Exempt annex 6: Sundry debtors
- Exempt annex 7: Main accounting system
- Exempt annex 8: Danesgate Community School

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# Internal Audit Progress Report 2025/26

Date: 11 March 2026

ANNEX 1

## CONTENTS

<b>3</b>	Background
<b>3</b>	Internal audit progress
<b>4</b>	Follow up
<b>5</b>	Appendix A: Internal audit work in 2025/26
<b>8</b>	Appendix B: Current priorities for internal audit work
<b>11</b>	Appendix C: Summary of key issues from finalised audits
<b>19</b>	Appendix D: Assurance audit opinions and finding priorities
<b>20</b>	Appendix E: Follow up of agreed actions



## BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.
- 3 In accordance with the Global Internal Audit Standards (UK Public Sector) the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit & Governance Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in March 2025.
- 5 Veritau adopts a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal activity up to 20 February 2026, and to outline current plans for delivery over the remainder of the year.



## INTERNAL AUDIT PROGRESS

- 7 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A. Appendix A also details other work completed by internal audit during the year.
- 8 Since our last report to this committee, eight audits have been finalised. A further seven internal audit engagements have reached draft report stage. These will be finalised over the coming weeks.
- 9 A total of 12 audits are in progress at the time of reporting. We expect these audits to have reached the reporting stage by the next committee meeting.
- 10 In addition to the internal audit engagements discussed above, we have also continued to support the council by certifying central government grants, undertaking consultative engagements, and providing support and advice on governance, risk and control related matters.
- 11 The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term,

recognising that not all of these will be carried out during the current year (work is deliberately over-programmed).

- 12 The 2025/26 work programme, showing current priorities for internal audit work, is included in appendix B. All work is now categorised as either 'do now' or 'do later'.
- 13 Audits categorised as 'do now' will be undertaken over the remainder of 2025/26 and, once completed, will mark the conclusion of the current year's work programme.
- 14 The relative priority of all other audits previously included in appendix B has been considered, alongside other audit priorities that have emerged during consultation on the 2026/27 internal audit work programme. Those audits categorised as 'do later' in appendix B are those which have been reassessed as priorities to deliver in 2026/27. The programme for 2026/27 is being presented to the committee as part of another item on the agenda.
- 15 The eight audits that have been finalised since the last report to this committee are included in appendix C. The appendix summarises the key findings from these audits, and includes actions agreed with officers to address identified control weaknesses. The finalised reports in appendix C are also included as exempt annexes to this report.
- 16 Appendix D provides the definitions for our audit opinions and finding ratings.

## FOLLOW UP

- 17 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.
- 18 A summary of the current status of follow up activity is included at appendix E.

## APPENDIX A: INTERNAL AUDIT WORK IN 2025/26

### Final reports issued

Audit	Reported to Committee	Opinion
Safety Valve (implementation review)	May 2025	Substantial Assurance
Housing benefits	May 2025	Substantial Assurance
NHS Data Security and Protection Toolkit: accountable suppliers	May 2025	No Opinion Given
School themed audit: purchasing and best value	July 2025	Reasonable Assurance
Communications	July 2025	No Opinion Given
Funded early education	July 2025	Reasonable Assurance
Member induction programme	July 2025	No Opinion Given
Commercial asset performance	July 2025	Substantial Assurance
Savings plans	July 2025	Reasonable Assurance
Clifton Green Primary School	July 2025	Reasonable Assurance
Elvington Primary School	November 2025	Reasonable Assurance
Carbon adaptation and reduction	November 2025	Substantial Assurance
Physical information security	November 2025	Reasonable Assurance
Schools themed audit: premium allocations	November 2025	Substantial Assurance
Public EV charging strategy	November 2025	Substantial Assurance
Free school meals: auto-enrolment	November 2025	Substantial Assurance
Recruitment and selection	November 2025	Reasonable Assurance
Contract management	November 2025	Reasonable Assurance
ICT disaster recovery	March 2026	Reasonable Assurance
Follow-up audit: risk management	March 2026	Reasonable Assurance
Schools themed audit: governance	March 2026	Reasonable Assurance

Audit	Reported to Committee	Opinion
Service and role-specific training	March 2026	Reasonable Assurance
Sundry debtors	March 2026	Substantial Assurance
Main accounting system	March 2026	Substantial Assurance
Danesgate Community School	March 2026	Reasonable Assurance
Contract management: major project delivery	March 2026	Limited Assurance

### Audits in progress

Audit	Status
Information access request management	In draft
Children & Education Directorate: local scheme of delegation	In draft
Performance management	In draft
Residential care: Ousecliffe and Wenlock Terrace	In draft
Flexitime and annual leave	In draft
Absence management	In draft
Unaccompanied asylum seeker children	In draft
Travel and subsistence	In progress
Ordering and creditor payments (P2P action plan and verification)	In progress
Payments to care providers and contract management (ASC&I)	In progress
Home to school transport	In progress
Cybersecurity: user account management	In progress
Payroll	In progress
Right To Buy	In progress
Children's direct payments	In progress
St Mary's CE Primary School	In progress
Westfield Primary Community School	In progress

Audit	Status
Section 106 agreements	In progress
Data quality and security: applications	In progress

### Other work completed in 2025/26

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- ▲ Follow up of agreed actions
- ▲ Refresh of the follow-up and escalation procedure, with regular reporting to the Governance, Risk and Assurance Group
- ▲ Grant certification work:
  - ▲ Scambusters
  - ▲ UK Shared Prosperity Fund programme assurance (2024/25)
  - ▲ HUG2
- ▲ Consultative engagements:
  - ▲ Fact-finding review into manual creditor payments
  - ▲ Fact-finding review into the management of services provided by YorHome
  - ▲ Fact-finding review into the engagement of consultations on the York Station Gateway project
- ▲ Provision of support and advice:
  - ▲ Preparation of a briefing note on CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government ('the Code')
  - ▲ Support with undertaking the council's self-assessment against the Code
  - ▲ Holiday let commercial waste income collection procedures

## APPENDIX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
<b>Strategic / corporate &amp; cross cutting</b>	
<b>Do now</b>	
Travel and subsistence	Identified in consultation with officers.
Performance management	No recent coverage. Provides coverage of a key assurance area.
Flexitime and annual leave	Identified in consultation with officers.
Absence management	Emerging risk area.
Information access request management	No recent coverage. Risks / controls are changing.
Data quality and security: applications	Provides broader assurance.
<b>Do later</b>	
Building security (West Offices and Hazel Court)	
Physical information security	
Procurement Act compliance	
Contract management	
Risk management (maturity assessment)	
Management of York & North Yorkshire Combined Authority funding	
<b>Financial systems</b>	

**Do now**

Ordering and creditor payments (P2P action plan and verification)	Being undertaken to verify progress made in implementing improvements to control.
Payroll	Key financial system. Risks / controls are changing.

**Do later**

Council Tax and NNDR	No recent coverage. Provides coverage of a key assurance area.
Housing rents	Risks / controls are changing.

**Service areas****Do now**

Payments to care providers and contract management (ASC&I)	No recent coverage. Provides coverage of a key assurance area.
Residential care: Ousecliffe and Wenlock Terrace	Being undertaken in response to known areas for improvement.
Unaccompanied asylum seeker children	Emerging risk area.
Children & Education Directorate: local scheme of delegation	Risks / controls are changing. Provides coverage of a key assurance area.
Home to school transport	Risks / controls are changing. Known area of pressure.
Westfield Primary School	Identified in consultation with officers.
St Mary's CE Primary School	Identified in consultation with officers.
Children's direct payments	Risks / controls are changing.
Right To Buy	Risks / controls are changing. Changes to government policy.
Section 106 agreements	Being undertaken at the request of the committee.

**Do later**

Foster carer payments (follow-up audit)

Children's continuing care

Schools themed audit: procurement

Licensing

**Technical / projects****Do now**

Cybersecurity: user account management

Provides coverage of a key assurance area.

**Do later**

Project governance (major projects)

Project management (gateway reviews)

ICT emergency response & business continuity  
planning

## APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
ICT disaster recovery (November 2025)	Reasonable Assurance	This audit reviewed the council's ICT disaster recovery arrangements.	<p>The council has key ICT disaster recovery arrangements in place and its current plan is clear, accessible and regularly updated. Roles are defined and incident action cards support responses, although detailed playbooks are not yet in place.</p> <p>Recovery priorities are set by ICT, without structured input from service areas.</p> <p>Disaster recovery testing is informal, relying on lessons from real incidents rather than being formally scheduled. Backup arrangements and security controls are robust.</p>	Actions to address weaknesses will be agreed as part of phase two of the ICT disaster recovery audit (scheduled for 2026/27).
Follow-up audit: risk management (November 2025)	No Opinion Given	The purpose of this audit was to review the council's arrangements for identifying, managing, and	Although some progress was evident, with the Risk Management Team beginning to reestablish its support and facilitation role, this had not been fully embedded between directorates and across service areas	A detailed management response to the report and its recommendations was provided. In summary, the response cited improvements made (and in progress) while also recognising

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		reporting directorate and service risks in accordance with corporate requirements. It was undertaken as a follow-up of the 2023/24 audit.	<p>sufficient for them to continue risk management work independently. This also meant that agreed processes, including the issuing of quarterly risk reports, had not been regularised.</p> <p>While arrangements for risk management remain inconsistent across directorates, and the council's risks are not visible on a council-wide basis, the risk management process is not embedded to the level expected in the policy and strategy.</p>	that the council's policy and strategy need to be reviewed to reflect the council's desired approach to risk management.
Schools themed audit: governance (November 2025)	Reasonable Assurance	The purpose of this audit was to provide assurance that maintained schools met statutory governance requirements.	Governance arrangements met statutory requirements, with appropriate structures and up-to-date schemes of delegation. However, some schools lacked a documented governance framework for the full governing body, committee terms of reference had not been recently reviewed, and declarations of interest had not been fully updated. Minutes, agendas and documentation were generally available and minutes	<p>A number of actions were agreed to address the identified control weaknesses. These included:</p> <ul style="list-style-type: none"> <li>▲ Reviewing training records termly</li> <li>▲ Clearly capturing outcomes and actions from skills audits</li> <li>▲ Making cybersecurity and data protection training mandatory for at least one governor</li> <li>▲ Formalising and including the role of the Finance Committee chair / school business</li> </ul>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>evidenced appropriate challenge. Policy schedules were maintained well overall.</p> <p>Governor membership and attendance were mostly strong, but some vacancies, outdated skills audits and unclear training records were noted.</p> <p>Contract registers were kept but risk registers and website compliance checks were inconsistent across schools.</p>	<p>manager link in committee terms of reference</p> <ul style="list-style-type: none"> <li>▲ Improving arrangements for providing 'Get Information About Schools' data</li> <li>▲ Standardising risk registers and guidance, and ensuring termly review of risks</li> <li>▲ Adoption of the contract register template already shared with schools</li> <li>▲ Including school website checks in the annual framework.</li> </ul>
<p>Service and role-specific training (November 2025)</p>	<p>Substantial Assurance</p>	<p>This audit reviewed the council's arrangements for identifying, monitoring and recording training required within adult social care, children and education, and housing.</p>	<p>The council's MyLo system provides a strong basis for managing training, with effective tools for assigning courses, tracking completion and maintaining certifications.</p> <p>Training matrices are well designed and updated through regular engagement between services and the Workforce Development Unit. However, not all courses are yet on MyLo, meaning that some services rely on manual records.</p>	<p>A reminder will be issued reinforcing the requirement to ensure that staff training completions are promptly recorded on MyLo. The reminder will also emphasise the need for timely renewal of service and role-specific training to prevent lapses.</p> <p>The Workforce Development Unit will promote the use of existing MyLo functionality and the annual</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			MyLo is not always updated to reflect the true status of training, resulting in inaccurate or incomplete information. Reporting arrangements also varied, with no consistent process for escalating training performance at directorate level.	Learning Needs Analysis to support consistent oversight of training compliance. Through this exercise, it will be recommended that Directorate Management Teams discuss training issues quarterly, and awareness of available MyLo system support will be reinforced.
Sundry debtors (December 2025)	Substantial Assurance	This audit reviewed the council's arrangements for issuing invoices, collecting and recording income, monitoring debt, and writing off debt.	<p>Invoices are raised accurately with proper supporting information, and no duplicates were found. Only a very small number of duplicate debtor accounts and unallocated suspense items exist, and both were being addressed at the time of the audit. The council's corporate debt policy and guidance on raising invoices are outdated and do not fully reflect current practice.</p> <p>Income is correctly allocated, and credit notes are properly authorised (albeit with occasional delays in processing).</p>	<p>Debt forums will be established for the Adult Social Care and Integration directorate, and similar measures introduced for non-adult social care debt.</p> <p>Details of service-area specific debt recovery procedures will be documented. The corporate debt policy will be reviewed, and a suitable review schedule established. Existing guidance on raising invoices will also be updated.</p> <p>Refunds will now be processed twice a week. The debtors team will regularly produce a report of</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>Debt is monitored but recovery is inconsistent and not always sustained, with older debts being significant in volume and value.</p> <p>Debt write-offs are well controlled and authorised, although accounts could be closed more promptly.</p>	<p>outstanding refunds. The income services team will then be notified that there are refunds to process.</p>
Main accounting system (December 2025)	Substantial Assurance	The purpose of this audit was to provide assurance on access arrangements to the financial management system and on the performance of key in-system activities.	<p>Access to the financial management system (FMS) is appropriately restricted and supported by layered controls, but weaknesses in user access management—such as complex access structures, inconsistent forms, and delays for movers and leavers—reduce assurance that access remains appropriate.</p> <p>Controls over journals, virements and year-end processes are generally effective, although virement guidance could be clearer.</p> <p>Feeder system data is transferred accurately, with timely uploads and reconciliations.</p>	<p>Service managers' responsibilities for user access management, particularly regarding the timely completion or user access forms when roles or responsibilities change, will be reinforced, and communicated.</p> <p>The user access management process will be enhanced by streamlining access categories and clearly defining the permissions associated with each, based on typical role requirements. User access request forms will be updated to ensure they are clearer, more</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			Suspense and control accounts are reviewed regularly, with reasonable balances and prompt resolution of discrepancies.	user-friendly, and aligned with the revised process.  The virements guidance will be reviewed and updated to clearly define what constitutes a virement, and to clarify the associated processes for managing and approving them and evidencing approval on the FMS.
Danesgate Community School (December 2025)		This audit reviewed the governance and financial management arrangements at Danesgate Community School - a specialist provider for pupils with social, emotional and mental health needs.	Danesgate Community Pupil Referral Unit's management committee operates within a compliant legal constitution, with statutory policies and website content up to date. Governance is effective, with regular meetings, challenge, and budget oversight. However, some gaps in governor training and inconsistent financial delegations were noted.  Financial processes are generally sound. Systems and controls for purchasing, income, payroll, payment cards, reconciliations and petty cash are appropriate but some	A review of governor training and skills will be conducted to identify training requirements. Training will be a regular item on management committee meetings and governors will be signposted to the training available through the council's governance team.  The financial management policy will be reviewed.  The debt management policy will be reviewed. Debt management will be a standing item on

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>financial policies lack sufficient guidance to support their practical implementation.</p> <p>The school's contract register lacks key detail, and some contracts have not been recently reviewed.</p>	<p>Finance and Resource committee meeting agendas.</p> <p>The contract register will be updated to ensure that it contains information to assist governors in overseeing contract management.</p>
<p>Contract management: major project delivery (January 2026)</p>	<p>Limited Assurance</p>	<p>The focus of this audit was on how the main construction contracts for the Tadcaster Road project, Housing Delivery Programme, and York Station Gateway had been managed. However, in the case of York Station Gateway, we also evaluated officers' own review into the</p>	<p>The key finding from this audit related to the management of the York Station Gateway project. A number of weaknesses were identified, as follows:</p> <ul style="list-style-type: none"> <li>▲ entering the construction contract 'at risk', before legal agreements with statutory undertakers had been sufficiently progressed</li> <li>▲ additional costs incurred as a result of changes during project delivery</li> <li>▲ inaccuracy / incompleteness of financial implications in decision reports</li> <li>▲ gaps in project governance, and insufficient delivery and support capacity.</li> </ul>	<p>A number of actions were agreed to address the identified control weaknesses. These included:</p> <ul style="list-style-type: none"> <li>▲ Reviewing and improving the existing Programme Management Office function (including resourcing and skills)</li> <li>▲ Reviewing wider programme and contract governance arrangements</li> <li>▲ Creating of dedicated construction / commercial contract management capacity</li> <li>▲ Undertaking recruitment and creating a career pathway to better retain and grow talent in project management</li> </ul>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		circumstances relating to the significant overspend and delays with the project.	The remaining findings related to inaccuracies in how York Station Gateway costs were presented in monthly project highlight reports, a lack of rigour in reviewing and approving the Tadcaster Road project brief, and inconsistency / unavailability of compensation event documentation.	<ul style="list-style-type: none"> <li>▲ Identifying and delivering training to key staff involved in construction project delivery</li> <li>▲ Reviewing highlight reports to ensure that RAG ratings take account of multi-phase projects</li> <li>▲ Adopting the NEC approach to managing and recording compensation events</li> <li>▲ Undertaking a feasibility review on investing in a contract management system.</li> </ul>

## APPENDIX D: ASSURANCE AUDIT OPINIONS AND FINDING PRIORITIES

### Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

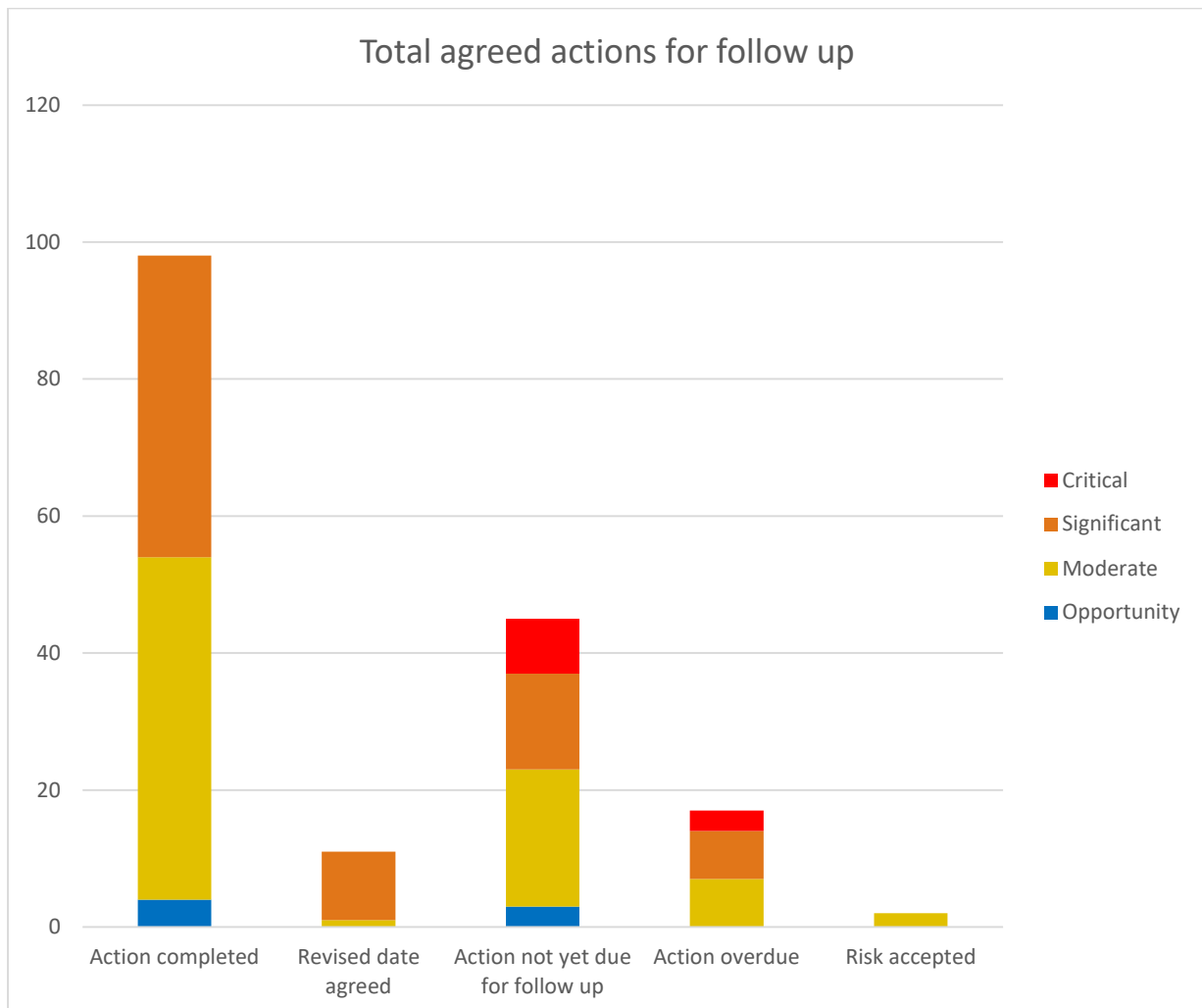
### Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

## APPENDIX E: FOLLOW UP OF AGREED AUDIT ACTIONS

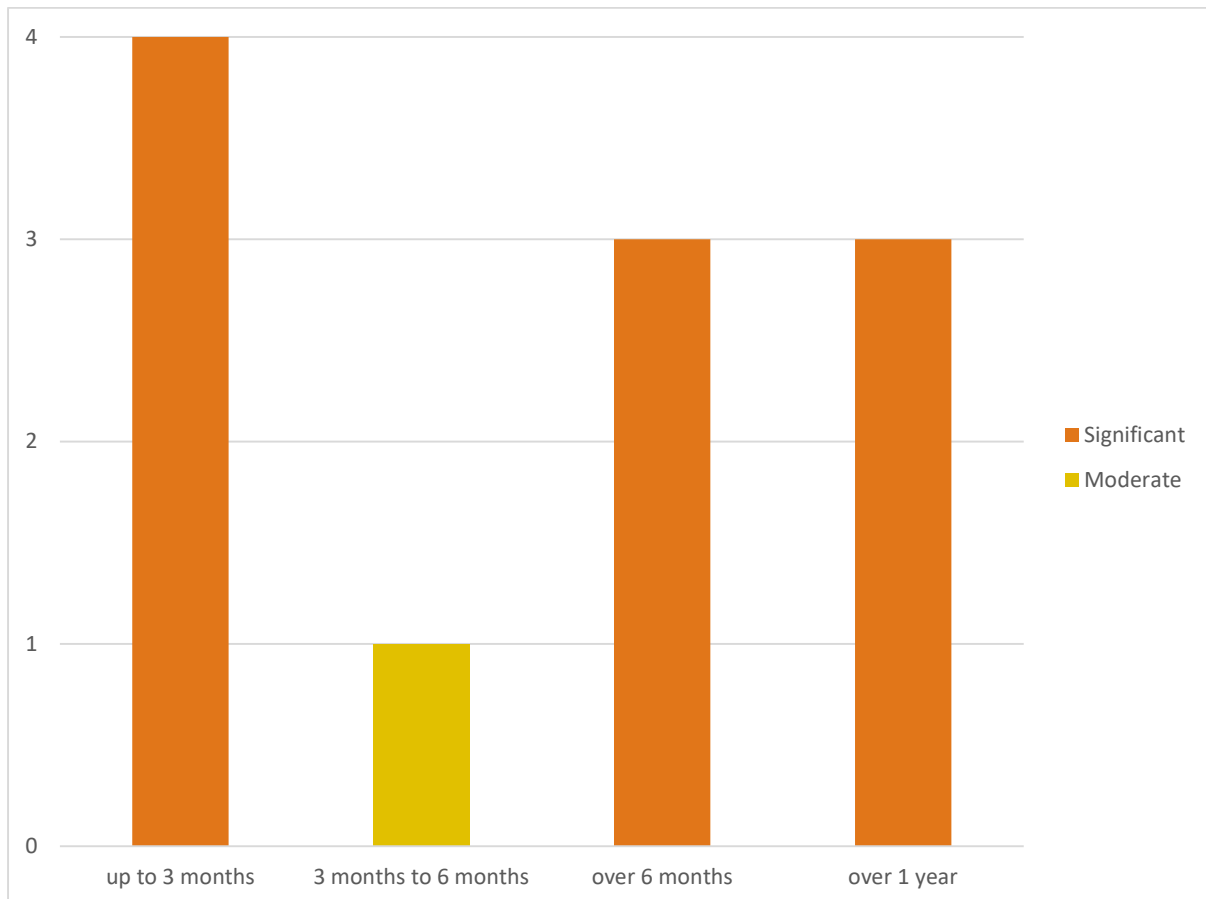
- 1 Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary.
- 2 Where responsible officers have not taken the action they agreed to, issues are escalated to more senior officers. Ultimately, they may be referred to the Audit & Governance Committee in accordance with the follow-up and escalation procedure.
- 3 In figure 1, below, the status of agreed actions from follow-up activity undertaken between 1 April 2025 – 19 February 2026 is shown.
- 4 For clarity, the figure shows the results of follow up activity for this period, regardless of when actions were originally due (that is, it includes actions which were due prior to 1 April 2025 but which are still being followed up).
- 5 For completeness, it also shows actions which have been agreed in finalised audits, but which have not yet fallen due and so have not been followed up.

*Figure 1: Total agreed actions by current status*



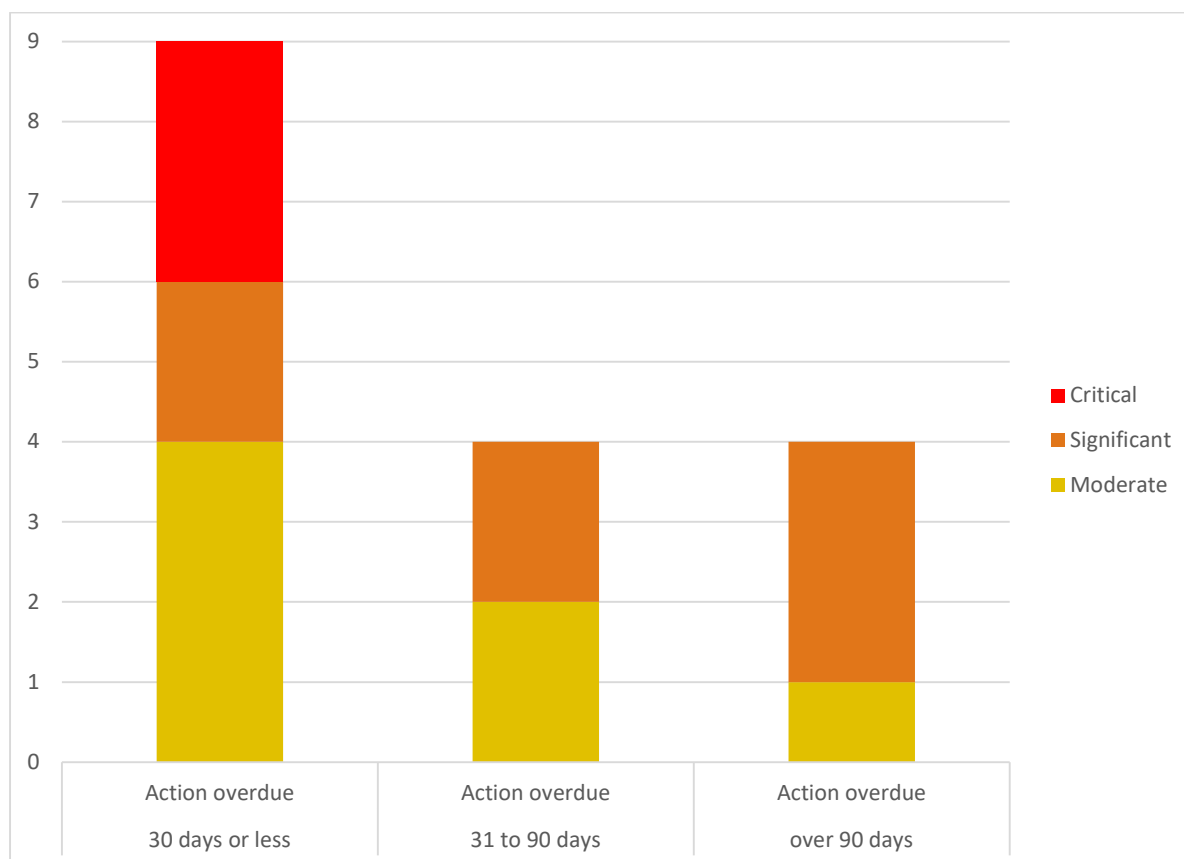
- 6 A total of 128 actions have been followed up so far this year. Of these, 98 have been satisfactorily implemented. 45 actions are not yet due for follow-up as their original implementation date has not passed at the time of reporting.
- 7 A total of 11 actions have had their original implementation timescale extended, with revised implementation dates being agreed with the action owner. We agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable. However, the committee should be aware that lengthy or continued revised dates do inevitably lead to a degree of risk exposure to the council.
- 8 Figure 2, below, shows how long dates have been revised from the original implementation date.

*Figure 2: Length of revised dates agreed for action implementation*



- 9 At the time of reporting, 17 actions are overdue. This is shown in figure 3, below.

Figure 3: Length of time actions have been overdue



- 10 Nine of the overdue actions have only just fallen due so follow up action is ongoing. For critical actions this will include detailed testing.
- 11 For seven of the eight actions overdue by more than 30 days we have received a response and the process of following up the action and drawing conclusions is ongoing.
- 12 There will usually be some instances like this at any point in time. It can be due to ongoing communication with the responsible officers to obtain evidence confirming completion of the action. It can also be due to instances where the action taken is not exactly as agreed and further work is being undertaken to assess whether the action taken does satisfactorily address the risk or because there are ongoing discussions about whether to agree revised dates for the action.
- 13 One action is overdue, and we have not yet received a response from the action owner. This is a moderate priority action. We will continue to pursue a response.
- 14 Overdue actions are escalated according to the agreed escalation policy, firstly to relevant directors, then to senior officers via GRAG (Governance, Risk and Assurance Group). They may subsequently be brought to the Audit & Governance Committee. At this stage, no overdue actions are being escalated to the committee.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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